

Journalists

# FINANCIAL TIMES

Saturday August 2 1986

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## WORLD NEWS

### New Craxi government sworn in

Italy's new Government was sworn in yesterday after Socialist leader Bettino Craxi accepted a second term as Premier.  
He presented a cabinet list to President Cossiga showing eight changes from his previous five-party government, which resigned on June 27 after three years in office—the longest of 44 postwar governments.  
Mr Craxi hopes for votes of confidence from the senate and chamber of deputies by the end of next week. **Back Page**

### Murdoch olive branch

New International chairman Rupert Murdoch said he was ready to meet print unions for talks on the six-month dispute at the Wapping printing plant. **Earlier story, Page 5**

### Mrs Tebbit goes home

Mrs Margaret Tebbit, wife of the Tory Party chairman, left hospital almost two years after being paralysed in the Brighton hotel bomb blast.

### IRA deters builder

Building company John Laing withdrew from a Northern Ireland security forces contract after death threats from the IRA.

### Five missing at sea

An air and sea search began off the coast of south-west Ireland last night for five men missing after their trawler sank. Ten others were rescued.

### Gemayel call to Assad

Lebanese President Amin Gemayel appealed to Syrian leader Hafez al-Assad to help end Lebanon's civil war. Three people were hurt by a Beirut car bomb.

### Old aircraft returned

West Germany returned to the Netherlands the oldest surviving Fokker aircraft, built by Anthony Fokker in 1913, it was stolen by KLM's air force chief Hermann Goering in 1941.

### Private space launches

The Reagan administration, considering the future of the US space programme, is expected to relegate most of the commercial launch business to private industry. **Page 2**

### Israel-Soviet moves

Israeli and Soviet officials will meet soon to discuss consular issues, which could lead to renewed diplomatic relations. **Page 2**

### 40 die in bus crash

At least 40 people, mostly pilgrims, died when their bus fell into a ravine in Uttar Pradesh, India.

### Shagari banned for life

Nigeria's former civilian president Shehu Shagari and his deputy Alex Ekwueme were banned from public office and political activity for life by the military regime.

### Clearing the air

Air Canada is to ban smoking on many of its internal flights, after tests showed strong support for the move among passengers.

### Chess challenge

Garry Kasparov and Anatoly Karpov began their third game in the world chess title series in London. The first two were drawn. **Feature, Weekend FT, Page XIV**

### Australian marathons

Australians Rob de Castella and Lisa Martin won the men's and women's marathons at the Commonwealth Games. Nuclear attack warning sirens went off accidentally as the Queen was visiting Edinburgh for the Games.

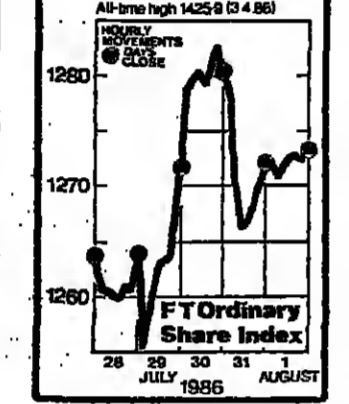
## BUSINESS SUMMARY

### Manila in \$500m deal with IMF

THE Philippines Government of President Corason Aquino has reached broad agreement with the International Monetary Fund in Manila on an economic package totalling \$500m (£336.6m) to boost growth in the next 18 months.  
The target for growth in 1986 is 1.4 per cent, with an inflation rate confined to between 6 and 8 per cent. **Back Page**

### OIL: The Caterers Offshore Trade Association, in a split caused by falling prices, expelled a member company which allegedly broke a pay agreement. **Back Page; Opec talks, Page 2**

### EQUITIES trading was restrained by political uncertainties over South Africa and the prospect of an incon-



clusive end to Opec talks. The FT Ordinary Share Index closed 1.4 up at 1,273.4, giving a gain on the week of 9.7. **Page 11**

US service sector continued to expand in June but the sharp decline in manufacturing appeared to grow more severe. Although the data were slightly better than expected the dollar fell nearly 1 penny in London to DM 2.0835. **Back Page; Money markets, Page 9**

GOLD price in London rose \$1.375 to a two-year peak of \$362.25, supported by the dollar's weakness and fears over the effect that sanctions would have on South African supplies. **Page 11**

PRUDENTIAL Property Services furthered its aim of forming a nationwide estate agency chain with the purchase of Reeds Rains, based in the North-west. **Back Page**

EGYPT is expected to ask US Vice President George Bush, who arrives in Cairo this weekend, for aid in the face of falling foreign exchange earnings. **Page 2**

GREENPEACE has called for an EEC ban on products made from kangaroo skins in an attempt to halt slaughter of the animals in Australia. **Page 4**

MORGAN GRENFELL merchant bank, which recently obtained a Stock Exchange listing, raised \$200m (£134m) through a Euromarket issue of perpetual floating rate notes. **Page 8**

ICL, largest UK-owned computer group, is collaborating with Sun Microsystems of the US in the market for technical workstations. **Page 4**

OXFORD STREET retailers are expected to win approval from Westminster City Council for late-night trading in the week. **Page 5**

GREYHOUND, US bus group and consumer products concern, lifted second-quarter net profits by 12 per cent to \$46.6m (£31.3m). **Page 9**

EXTEL, sport and financial information group, plans to buy Dealers Digest publishing company in New York for \$40m (£26.8m). **Page 8**

ROBERT MAXWELL'S privately owned Pergamon Press took another step towards becoming an investment holding company with the sale of businesses valued at \$30m to Hollis Brothers. **Page 8**

## US sanctions against S. Africa closer after key senators vote

BY REGINALD DALE IN WASHINGTON AND BERNARD SIMON IN JOHANNESBURG

THE PROSPECT of new US sanctions against South Africa came much closer last night after the Senate Foreign Relations Committee approved a series of anti-apartheid measures and sent them for a vote by the full chamber.  
The move came as South Africa took its first pre-emptive action by imposing sanctions against its black neighbours and drew up new currency rules to encourage foreign investment, especially in property.  
The Senate bid, introduced by Mr Richard Lugar of Indiana, the Senate committee's Republican chairman, goes further than President Ronald Reagan would like in penalising Pretoria, but is intended to stop short of extreme measures that would invite a presidential veto.  
It is less stringent, however, than legislation already approved by the Democratic-controlled House of Representatives, which would sever virtually all US commercial ties with South Africa.  
The bill, adopted by a 15-to-two vote, would ban new US investment in South Africa, bank loans and imports of coal and uranium. If Pretoria made no significant progress towards ending apartheid in one year,

steel, textiles, agricultural products, diamonds and strategic materials could be added to the list of proscribed imports.  
The US would also withdraw landing rights from South African Airways and Mr Reagan would be urged to sell US gold reserves to depress the world price. The bill would also stop Pretoria and government-owned companies from using the US banking system.  
Meanwhile, South Africa has announced a licensing system on imports from Zimbabwe.  
The Trade and Industry Department said the import permits, to be introduced next Friday, "will enable the Government to monitor the volume and nature of products imported from Zimbabwe."  
It said the move was prompted by the authorities' duty to protect South African business, to safeguard sources of supply, and "in view of other developments concerning southern Africa."

Pretoria does not publish details of trade with other African countries. Annual imports from Zimbabwe have totalled an estimated 150m-200m rand in recent years. Major items include textiles, clothing, tobacco and a wide variety of manufactured con-

## Thatcher seeks to avoid open clash at mini-summit

BY PETER RIDDELL AND ROBERT MAUTHNER

EFFORTS are being made to avoid a damaging split in the Commonwealth over sanctions against South Africa at the Commonwealth mini-summit, which opens in London tomorrow.  
Signs last night were that Mrs Thatcher and most of the other six leaders due to attend the meeting would seek to avoid an open clash on the issue.  
Although her Commonwealth colleagues will certainly press the Prime Minister to commit herself to specific new measures against South Africa, they appear to be prepared in the last resort to defer a final decision until a full summit of all Commonwealth leaders towards the end of next month.  
This would allow time for the synchronisation of similar measures now under consideration in the US and the European Community, which are expected to be matched by Japan.  
Mr Bernard Wood, the personal representative of South Africa, Mr Brian Mulroney, the Canadian Prime Minister, said in Ottawa yesterday that if Mrs Thatcher gave such a commitment, Commonwealth leaders would be willing to discuss strategy.

The Prime Minister said yesterday that athletes from nations boycotting the Commonwealth Games in Edinburgh should have been left to decide individually whether to take part. Tearing the Games village, Mrs Thatcher told England rower Joanna Toth: "It's a great shame all the athletes could not come and I wish they had been left to make up their own minds."

Mr Wood said, however, that it would not be enough for Britain to move "a teeny weeny bit" towards sanctions.  
The Cabinet has left Mrs Thatcher and Sir Geoffrey Howe, the Foreign Secretary, a free hand to decide the tactics and timing of any further measures within the broad EEC framework.  
The mandate given to the Foreign Secretary by his European Community colleagues to promote a dialogue between the South African Government and the country's black leaders does not run out until late September. He is expected to report to a meeting of the EEC Foreign Ministers on the outcome of his mission on September 15 and 16.

The desire to avoid a showdown was also stressed by Sir Lynden Pindling, Prime Minister of the Bahamas, who will chair the London meeting, and Indian, Canadian and Australian officials.  
"The most effective way of imposing sanctions would be to have maximum support of all the countries in the West. US involvement, European involvement, along with the Commonwealth, will have, I think, the greatest impact on Pretoria."  
Mrs Thatcher has already arranged to see Sir Lynden and

## Berisford sells stake in RHM

BY MARTIN DICKSON

GOODMAN FIELDER, the largest food manufacturer in Australasia, is buying a strategic 14.6 per cent stake in Ranks Hovis McDougall, the British food manufacturer and miller, for £107m from S. & W. Berisford, the commodity trading group which is under threat of a takeover bid.  
Mr Pat Goodman, chairman of Goodman Fielder, denied last night that the group had any plans to launch a full bid for Ranks.  
"We see this as a long-term investment in a company which is very much a mirror of our own and we are aiming to build an ongoing and very happy relationship," he said.  
The stake represents a major expansion outside Australasia by Goodman, which was formed early this year by a merger between two Australian companies—Fielder, Gillespie Davis and Allied Mills—and the New Zealand-based Goodman Group. It has annual sales of about A\$1.5bn (£620m) and a market capitalisation of about A\$1.2bn.  
Goodman is Australia's largest flour miller and leading

processor of edible oils, as well as being the region's major bakery group and having a range of grocery products.  
Ranks is Britain's second biggest bread baker and a major cereals processor and food manufacturer. It made pre-tax profits of £71.5m in 1984/85 on turnover of £1.3bn, and taxable profits of £42.2m in the first half of this year.  
Mr Goodman said he had advised Sir Peter Reynolds, Ranks' chairman, of the shareholding shortly before this was announced publicly yesterday afternoon. The two would meet next week. He had not yet considered the question of board representation. Ranks had no comment last night.  
Goodman is buying its 41,327m shares at 259p a share—well above the prevailing market price—and Ranks shares leapt on the news to close last night at 241p, up 30p on the day.  
Berisford acquired the stake in 1982 as part of its acquisition of British Sugar, following a prolonged takeover battle.

Berisford is the subject of two takeover approaches aimed at securing British Sugar—from Tate & Lyle, the rival UK sugar refiner, and Ferruzzi, the Italian agricultural business. Both are being investigated by the Monopolies Commission.  
Berisford said in May it was hoping to reduce its total debt, then estimated at £1.3bn, by £200m-£300m by September through a mixture of property refinancing deals and asset disposals.  
There had long been speculation that it might be preparing to sell the Ranks stake. However, it said the initiative for yesterday's deal came from the Australian company. There had not been an auction.  
Mr Goodman said he hoped the Ranks stake would help develop his group's trade from Australasia—particularly into the EEC—and it might also help promote northern hemisphere products in the Pacific Basin. Ranks' North American operations might also assist Goodman in building a presence in that market.

## Textiles trade pact renewed for five years

BY ANTHONY MORETON IN GENEVA

THE MULTI-FIBRE Arrangement, the agreement which regulates a large part of the world's trade in textiles and fibres, has been renewed for five years, despite Chinese reservations after talks in Geneva which came close to foundering as a result of US pressure for major changes.  
The new agreement covers a wider range of fibres, notably ramie, a linen-like fabric, than the old; offers "significantly more favourable" treatment to the least developed countries such as Haiti, the Maldives and Bangladesh; gives "special consideration" to cotton producing countries; and promises action on circumvention.  
There is to be international collaboration on false customs declarations of product origins. Wool-producing countries are to receive marginally better treatment, provided wool counts virtually all their exports but form a comparatively small part of the importing countries' markets.  
Late on Thursday, negotiators from 42 countries and the European Community agreed to stop the clock to prevent the old agreement expiring at midnight with nothing to replace it.  
Failure to reach agreement would have added to the problems facing the international trade negotiations due to start on September 15 in Punta del Este, Uruguay, under the General Agreement on Tariffs and Trade.

The MFA falls under the Gatt umbrella, and is the major exception to its free trade principles.  
The new agreement was signed yesterday after delegates had been sitting almost continuously for 26 hours, even though the US refused to make other than minor concessions on its original demands.  
Those had included inclusion in the MFA of fibres not covered previously, action to prevent sudden surges of imports threatening US domestic industry, and stronger action to prevent circumvention.  
President Ronald Reagan had told the US delegation to "aggressively renegotiate" the agreement.  
The major dispute was between the US and China over ramie, which has become increasingly important for the US. Last year, 120m sweaters made of it are believed to have been sent there—enough to clothe half the population.  
In the event, the US appears to have made a small concession by agreeing that ramie and other natural fibres such as jute and sisal should be subject to bilateral restrictions only if the weight or value of the ramie amounts to more than half that of the garment.  
It is on this point that China has tabled its reservation, but it is not clear what would happen if the US insisted on limiting clothes made of ramie and the Chinese refused to accept that limitation.  
The US approach succeeded in angling almost all other participants, who saw its attempts to placate its home industry as being made in the hopes of lessening congressional support for the protectionist Jenkins bill, which returns to the House of Representatives on Wednesday and to the Senate in September.  
House Democratic reports from Washington: Mr Clayton Yeutter, US Trade Representative, praised officials for reaching agreement in "extremely difficult negotiations in a tense environment." He denounced as nonsense the complaints of several congressmen that the US had caved in to foreign pressure. **Details, Page 2**

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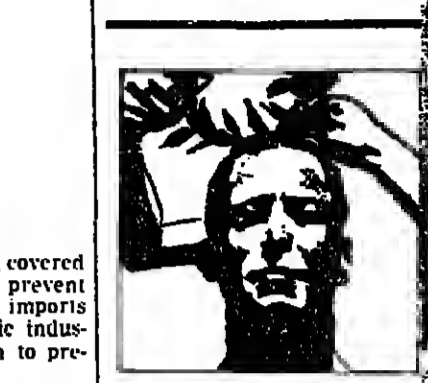
## EEC and Japan criticise semiconductor agreement

BY TIM DICKSON IN BRUSSELS AND CARLA RAPOPORT IN TOKYO

THE US-Japan agreement on semiconductors made a bumpy start yesterday. Japanese industry executives and government officials said the "fair market values" set by the US for certain types of chips were unreasonable and inconsistent.  
The pact was also criticised in Brussels. The European Commission, concerned at the deal's impact on European chip prices and manufacturers, said it might take action under the General Agreement on Tariffs and Trade (Gatt).  
Under the agreement, completed this week, the US Department of Commerce has assigned each leading Japanese chip exporter with new market prices for 64k to 1 megabit dynamic random access memory, and Eprom electrically-programmable read-only memory chips. Six other product categories will be covered by a separate price monitoring agreement.  
The Japanese executives and officials said that in the case of

Continued on Back Page

## WEEKEND FT



### BERLIN GAMES

Five years ago, sport politics collided at the Berlin Olympics. But what? Hitler's mad dreams of world sport—in the end—prevailed.



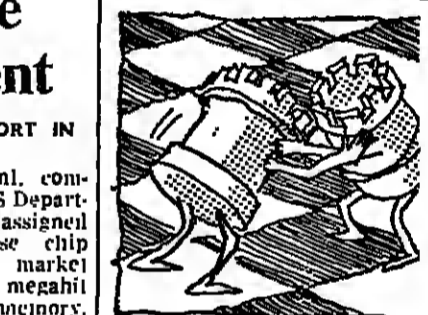
### FRENCH HORN

Making music from ten brass playing takes talent, time—and stamina.



### EDINBURGH

FT critics preview the best lights of the 40th international arts festival.



### WORLD CHESS

In London this week, Kasparov and Karpov settled down another deadly encounter.

## MARKETS

**DOLLAR**  
New York lunchtime:  
DM 2.0835  
FF 6.6725  
SFR 1.69925  
Y153.7  
London:  
DM 2.0835 (2.083)  
FF 6.7825 (6.8025)  
SFR 1.669 (1.6775)  
Y153.75 (same)  
Dollar index 111.2 (111.4)  
Tokyo close Y164.1

**US LUNCHEXTIME RATES**  
Fed Funds 6 1/8%  
3-month Treasury Bills:  
yield: 8.78%  
Long Bonds: 7 1/8%  
yield: 7.48%

**GOLD**  
New York: Comex Dec latest:  
\$365.4  
London: \$362.25 (\$358.875)

**STERLING**  
New York lunchtime \$1.463  
London: \$1.4658 (1.4928)  
DM 3.085 (3.1225)  
FF 10.075 (10.1525)  
SFR 2.48 (2.5025)  
Y228.5 (228.5)

**LONDON MONEY**  
3-month interbank:  
closing rate 9 1/8% (same)

**NORTH SEA OIL**  
Brent 15-day August (Argus):  
\$9.40 (\$9.30)

**STOCK INDICES**  
FT Ord 1,273.4 (+1.4)  
FT-A All Share 223.01 (+0.2%)  
FT-SE 100 1,561.8 (+3.7)  
FT-A long gilt yield index:  
High coupon 9.56 19.541  
New York lunchtime:  
DJ Ind Av 1,774.75 (-0.56)  
Tokyo:  
Nikkei 17,321.93 (-187.75)

Chief price changes yesterday. **Back Page**

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OVERSEAS NEWS

West urged to absorb surpluses of debtor nations

By Paul Betts in Paris

MAJOR western industrialised countries such as West Germany and Japan will have to absorb an increasing share of the visible trade surpluses of developing countries if these heavily indebted nations are to meet their interest payments. This is one of the main conclusions of the Organisation for Economic Co-operation and Development (OECD) annual survey on the debt situation of developing countries published yesterday. The report, however, notes with concern that the visible trade surpluses which OECD countries will have to absorb to relieve the debt problems of developing countries will in turn compound the severe payments imbalances already existing in many Western countries. It adds that given the magnitude of the US trade deficit, it will be up to the other major OECD countries such as West Germany and Japan, among them, to make greater room for the trade surpluses of developing countries. The current annual interest payments of the 15 Baker Plan debtor countries total about \$40bn (£27bn) compared with \$12bn eight years ago. The visible trade surpluses of these 15 countries were of similar size last year and the OECD expects them to total about \$30bn both this year and next. Highlighting the dilemma of the debt crisis for developing countries, the OECD survey shows that the trade balance of all capital importing developing countries has swung into balance from a deficit of \$40bn at the end of the 1970s. But the Paris general agrees that there is now general agreement that major debtor countries must continue to boost export growth if they are to service their debts. In turn, this implies that exports from developing countries will have to be considerably higher than imports for several years to come. On the positive side, the OECD notes that an increasing number of debtor countries now recognise that the real cure to their debt problems lies in efficient government and economic adjustment. The survey also suggests that for the first time since 1981 there is likely to be a modest increase in private financial flows and export credits to developing countries both this year and next year, reversing the sharp decline in private lending that started five years ago. It adds that financial flows to developing countries are now beginning to consolidate. Official development flows including concessional aid and concessional aid however will continue to contribute the bulk of total finance. Official development finance accounted for 60 per cent of total net financial flows to developing countries last year compared with 35 per cent in 1980 and 46 per cent in 1970. The survey shows that the slowdown in growth of the external debt of developing countries in recent years was observed in 1985-86 by the fall in the US dollar exchange rate which boosted the value of non-dollar debt stocks. Currency valuation adjustments accounted for \$55bn out of a total \$88bn rise in nominal debt stocks last year, leaving a real increase in debt of \$33bn or only 3 per cent.

Plants shut down in USX steel strike

By Terry Dodsworth in New York

THE BLAST furnaces were shut down and the picket lines went up on steel plants across the US yesterday, as 21,000 members of the United Steelworkers' Union (USX) came out on strike at USX, the US's largest steel company. After seven weeks of negotiations which have been marked by intransigence on both sides, the USW made an eleventh-hour bid to keep the talks open late on Thursday night, but was brusquely rebuffed by the company. The proposal to continue discussions while working on under the current contract was, the company claimed, a transparent attempt "to convert the coming strike by the United Steelworkers into a legal fiction of lockout, thus aiding union member claims for unemployment compensation." By early yesterday, the company said it had shut down all its steelmaking plants—the first time this had happened at the company since 1959, when USX (then called US Steel), was the target of a 118-day walkout that brought both sides to their knees. Analysts believe that the current dispute, caused by the company's determination to reduce wages and benefits by about \$3.30 an hour from \$25.20 an hour, could be as traumatic for the union and the company as the 1959 dispute. Yesterday, with both sides dug into apparently fixed positions, there were no further talks planned, and Wall Street knocked back USX's already depressed share price by another \$1 to only \$15.

Anthony Moreton examines the nuts and bolts of yesterday's new textile agreement Natural fibre content dominates MFA deal

THE MOST important single issue in the extension of the multi-fibre arrangement (MFA), which was signed in Geneva yesterday concerned content. In future any garment or fabric whose natural fibre value is over half the total value of the product or whose weight is half the weight of the product, can be subject to quotas provided imports cause market disruption or carry a real risk of doing so. Natural fibres are taken to be jute, coir, sisal, abaca, maguay and henequen. There is one exception. Restraints will not be applied to textiles which were internationally traded in commercially significant quantities before 1982, such as beds, suits, carpet backing, cordage, luggage, mats, matings and carpets. The new MFA also agrees that: Restraints shall not normally be imposed on exports from small suppliers, new entrants and least developed countries; Importers have to restrain exports from the least developed countries the treatment accorded them should be significantly more favourable; Exporters of cotton textiles from cotton producing exporting countries should be given special consideration; On wool safeguard measures should be given to the export needs of countries when considering quota levels, growth rates and flexibility to ensure improved access in the importing country's market; The participants are to collaborate to reduce false declarations over the quantity and type of textile products presented for import; Restraints will not be applied to historically traded textiles which were internationally traded in significant quantities before 1982; Priority attention is to be given to sectors of trade such as wool tops; International property rights should be dealt with within relevant national laws. The renewal of the MFA was immediately attacked by Mr Alec Smith, chairman of the TUC textiles committee and general secretary of the National Union of Tailors and Garmentworkers. "It was bad news for textile and clothing workers everywhere," he said. "The negotiators have come up with the worst possible outcome — the formula for job losses in the developed world and even greater exploitation of the low wage nations." He forecast 90,000 jobs would be lost in the British textile and clothing industries by 1990 as a result of the MFA.

Egypt set to ask Bush for more cash aid

By Tony Walker in Cairo

MR GEORGE BUSH, the US vice president, arrives in Egypt this weekend at the start of a four-day visit which seems certain to be dominated by Egyptian calls for financial help to the face of a disastrous slump in foreign exchange earnings due to the collapse of the oil market. Egypt wants the US to increase sharply the cash component of its civil aid appropriation which amounts this year to \$850m (£570m) most of it committed to development assistance projects. Egypt is asking that the cash provided be raised from \$150m to \$300m. Cairo is also seeking US help in its application to the International Monetary Fund (IMF) for balance of payments support totalling about \$1bn. The semi-official al-Ahram newspaper urged yesterday that Egypt be granted the same "flexible and non-conventional" IMF terms as Mexico. The IMF is providing Mexico \$1.5bn over the next 18 months in return for Mexican agree-

ment to reduce gradually its budget deficit and privatise some of its state corporations. Absent from the IMF package from Mexico are the normal tough requirements of a big loan: devaluation and sharp restrictions on domestic credit. The US is studying a number of options to assist Egypt over its present crisis. Egypt is having particular difficulty meeting repayments on its \$4.3bn military debt to the US. Commitments on the military debt alone this year total \$543.5m. Among the various options

is a proposal by Bankers Trust of the US to refinance the military debt at lower rates of interest and on more flexible terms than presently apply. The average interest rate on Egypt's military debt is 12.01 per cent — well above existing rates which are around 8 per cent. Egypt's president Hosni Mubarak said in an interview this week with the semi-official magazine al-Mussawar that his talks with Mr Bush were "going to be frank... to the interests of good relations between the two countries, to avoid repetition of the mistake committed by the US when it withdrew from its financing of the (Aswan) High Dam." The US refused to help in funding construction of the huge dam in upper Egypt leaving the way open for soviet assistance. Soviet-Egyptian relations prospered during the rule of the late president Gamal Abdel Nasser in the 1950s, but soured in the 1970s when President Sadat came to power.

Freddie struts his hour upon the stage

By Jed Marshall, recently in Budapest

FREDDIE MERCURY is one of the great figures of rock music. He is also a bit of an introvert. Until he gets on stage, then he struts and postures like an emigre Russian ballet dancer forced on something universally illegal. The Budapest audience loved Queen's show. "This is the biggest and the best," said Zeno Muelner, general director of Hungary's national stadium, the Nepszínház (People's Stadium). It will not be the last, if the "Nap" audience have anything to do with it. "We want to come back. If you like us," said Freddie Mercury, between songs. The audience roared. There were some \$0,000 of them, from Hungary, but tickets were also on sale to Czechoslovakia, East Germany, Rumania, Bulgaria and even the Soviet Union. The 250,000 people who tried to buy tickets and failed will still be able to see the show. Three generations of Hungarian film-makers were there to record it. The director, Janos Zsombolyai, now has 35,000 metres to edit, from 17 cameras, including one in a helicopter. Even with five teams of editors, that is a daunting job. Mr Zsombolyai is confident he will have the film ready for the competition date of November 15, for release around Christmas. The film's producer, George Mihaly, claims that Mr Zsombolyai wanted as many cameras as he could because Tina Turner used 15 to film her tour promoting the Private Dancer LP. But he would not confirm that story. He just laughed. Freddie Mercury says he is not concerned with the politics of the countries where he plays. He says he is concerned only with the people who buy his records. EMI Music, part of the Thorn-EMI group has licences all over Eastern Europe, including the Soviet Union. The market is potentially enormous, but record sales fluctuate wildly. It all depends on how much hard currency the individual countries have available. The audience at the "Nap" had never seen anything like the show that Queen gave them last Sunday night. Freddie Mercury was particularly looking forward to this venue on his European tour, which continues in Spain next week. When he plays a new country, he says, he can re-use some of the best of his stage ideas from the past 14 years. One of his tricks during the elaborately staged encores was to stretch a giant Union Jack behind his back. He turned. On the reverse was the Hungarian flag. That brought one of the biggest roars. For the finale, "We are the Champions," he wore a crown and robe. "Showmanship is something Queen has developed into an art," Freddie tells the audience to sit, and they sit, says Brian May, Queen's lead guitarist. But the audience didn't quite know how to respond to the roars. As the light went down for the first time, before a single encore had been played, people actually started leaving the stadium. A square of blue light hit the stage. There was Roger Taylor behind his drums, grinning like a starving man who's just noticed lunch. The tide turned. Next time Hungary's rock fans should know better.

Yeutter to fly to Brussels in bid to end pasta war

By Tim Dickson in Brussels

MR CLAYTON YEUTTER, the US Trade representative, is flying to Brussels from Washington today in a new bid to settle the transatlantic "pasta war." Top level talks are planned with the EEC's external relations commissioner Mr Willy De Clercq and are likely to continue until tomorrow morning. The surprise development is a sign of the Americans' eagerness to sort out the dispute, which first arose last year when the US imposed substantially higher duties on European imports of pasta in return for what it saw as EEC discrimination against its citrus exports. This was caused, the US claims, by the extensive network of EEC trade arrangements with Mediterranean countries which provide preferential tariffs for certain products. Earlier this week the Community offered a four month "truce" to further negotiations on condition that the US drop its higher pasta duties and the EEC abandon its own retaliatory levies on US walnuts and fresh lemons. The US, however, is keen to conclude an earlier agreement, believing that there is relatively little separating the two sides. The indications in Brussels last night, for example, were that the Americans may be ready to find a way of accepting an EEC demand that in return for a better deal on citrus they do not in future challenge the "Mediterranean agreements." The US, however, will be looking for a bigger reduction than currently offered in EEC subsidies for pasta.

Opec unlikely to agree accord on output quotas

By Richard Johns in Geneva

THE Organisation of Petroleum Exporting Countries (Opec) looked last night as if it had little chance of concluding a convincing accord on output quotas at its meeting here and that it might have to postpone discussions on the issue yet again. "I think there's a long way to go," said Dr Mana Otaliba, United Arab Emirates Minister of Petroleum, before last evening's full ministerial session began on the fifth day of the conference. Asked whether it would take months to reach an agreement he replied: "Maybe more." Dr Otaliba seemed to be summing up the general pessimism and unwillingness to compromise, despite falling oil prices which are putting an almost unbearable squeeze on most of the 13 member states. An ad hoc committee, established to work on an acceptable formula, was enlarged yesterday to include five ministers in all—the chief delegates of Nigeria, Indonesia, Ecuador and Kuwait representing the five regions covered by the membership.

News cartel plan dropped

SEVERAL European broadcasting organisations have dropped plans to set up a cartel for supplying news items to third parties after objections from the European Commission, the Commission said yesterday. Reuter reports from Brussels. The organisations, grouped in the European Broadcasting Union, had planned to fix quotas and conditions for use of television news spots taken from their network by third parties. "This would have restricted competition within the Common Market since intending purchasers would no longer have been able to negotiate separately with individual broadcasters but only with their group," the Commission said.

Spanish jobs trend improves

SPAIN'S re-elected Socialist Government has received confirmation of an improved employment trend, but has simultaneously run into criticism for allegedly manipulating the jobless figures. A second-quarter survey by the National Statistics Institute showed a drop of 86,000 of the number of jobless to 2,95m and a rise of 124,000, or more than one per cent, in the total of Spaniards with jobs, the fourth quarterly increase in succession. As a proportion of the available workforce, the number of unemployed fell back from more than 22 per cent to just under 21.5 per cent. The new criteria used by the institute for the survey showed that in the first quarter, unemployment passed the psychological 3m mark. The Communist-dominated Workers' Commissions trade union accused the government of "fraud for electoral ends" in delaying the introduction of the new criteria until after the June general election. The figure for the first quarter was originally given as 2.97m.

Israeli and Soviet officials to meet soon

By Andrew Whitley in Jerusalem

ISRAELI and Soviet officials are to meet shortly, probably in Europe, in a move that could pave the way towards the re-establishment of diplomatic relations broken off by the Soviet Union after the 1967 Middle East war. Israel's Prime Minister, Mr Shimon Peres, met yesterday with Mr Yitzhak Shamir, his Foreign Minister, as well as senior aides to plan the forthcoming meeting to discuss consular issues, officials said. According to the state-run Israel Radio, the meeting was sought by the Soviet Union, which has been keen for some time to improve its influence on the Middle East peace process. Earlier this month, Moscow proposed an international conference on the Middle East comprising all five permanent members of the United Nations Security Council, as well as the regional countries concerned. Among the issues likely to be discussed at the forthcoming meeting are the affairs of the Russian Orthodox Church in Israel and travel and other communication links. The Foreign Ministry yesterday played down the significance of the contact with Moscow, possibly out of concern that adverse publicity could prejudice their success. A reported meeting in Paris last year between the Israeli and Soviet ambassadors provoked much speculation at the time, but was angrily denied by the Soviet Union as having taken place. Israel is keen to re-open diplomatic links with Moscow primarily because of its concern to expedite the emigration of members of the 2m-strong Soviet Jewish community to Israel.

US may rely on private rockets

By Nancy Dunne in Washington

THE REAGAN Administration, apparently nearing major decisions about the future of the US space programme, is expected to relegate most of the commercial satellite launch business to private industry. At separate press conferences at the White House and the Pentagon this week, officials outlined parts of the Administration's long-awaited space recovery plan. Mr Edward Aldridge, the Air Force Secretary, said the Penitago is planning to shift from reliance on space shuttles to unmanned booster rockets, in an effort to catch up with the backlog of payloads grounded by the Challenger disaster. The explosions of the shuttle and the Titan and Delta rockets this year have set the US space programme back a decade, he said. Meanwhile, the Air Force is to close its own, never-used \$2.8bn (£1.88bn) shuttle facility at Vandenberg Air Force Base in California in order to save \$1bo. It will also ask Congress for \$2.6bn to expand the fleet

of unmanned rockets and redesign some satellites targeted for the shuttle. Mr Larry Speakes, the White House spokesman, said that President Reagan's advisers have recommended that the space shuttle be used only for major scientific missions and critical military cargoes, leaving commercial payloads to a new private, space-launching industry. The three remaining shuttles would limit their flights to about three a year.

Democrats in drive to stop Rehnquist nomination

By Reginald Dale, US Editor in Washington

SENATE Democrats yesterday launched a final drive to try to stop the nomination of conservative Mr William Rehnquist as the next Chief Justice of the US Supreme Court, the nation's final arbiter of constitutional and legal disputes. As the hearings on Mr Rehnquist entered their final day in the Senate Judiciary Committee, the Democrats called a string of witnesses to back their claims that he has shown insensitivity to the rights of women and minorities. It was not expected, however, that they would be able to thwart approval of the man whom President Ronald Reagan has chosen as a symbol of the country's social conscience. This week's proceedings have reopened a number of controversies that have dogged Mr Rehnquist since his earlier confirmation hearings on appointment as an associate justice in 1971, and added a few new ones. He has been accused of harassing black voters in the 1960s by challenging their literacy, of holding reactionary views about women, and of signing property contracts that contained clauses discriminating against Jews and non-whites as future purchasers of his homes. On Thursday night, the White House fuelled the controversy by invoking executive privilege to prevent the release of internal Justice Department memos written by Mr Rehnquist during the Nixon Administration, when he has been described as acting virtually as Mr Nixon's private lawyer. Democratic Senator Edward Kennedy of Massachusetts, immediately charged that the White House must have "something to hide." But Republican Senator Orrin Hatch of Utah retorted that the Democrats were engaged in no more than a "fishing expedition." "They really don't have anything to stop the nominee," he said.

EEC protest marks tougher line on Chile

By Robert Graham

THE European Community yesterday protested to the Chilean Government over General Augusto Pinochet's continued refusal to open talks with the country's democratic opposition. The written protest marks the beginning of a tougher attitude by the Community towards the Pinochet dictatorship and comes at a time when the US Administration is also voicing concern over the persistence of human rights abuses in Chile. The protest was made by the British Government in its capacity as president of the EEC Council of Ministers. It was handed to Mr Jaime de Valle, the Chilean Foreign Minister, in Santiago by the British ambassador and to the Chilean ambassador in London. The note regretted Gen Pinochet's refusal to accept dialogue with the democratic opposition and further "deeply regretted" the deaths and repression connected with the protests of July 2 and 3.

Leslie Colitt reflects on a concrete monstrosity no inhabitant of a divided city can forget

Berlin Wall remains a stark reminder of two ways of life

WEST BERLINERS are seldom conscious of the Wall in their daily lives, they have become so used to it in the 25 years since it was built, the anniversary of which will be marked on August 12. Most West Berliners see the Wall only when entering East Berlin through one of the crossing points — which relatively few of them do or driving to West Germany 184km away. A small minority of West Berliners actually live within sight of the 111 km-long concrete monstrosity encircling West Berlin. Along with another 56 km of metal screen fence, it seals off the city from East Berlin and East Germany. East Berliners also rarely go out of their way to see the Wall but they can never forget it is there. East Berlin teenagers have visions of the far-off day when they will become pensioners and finally are allowed through the Wall to visit the West. In order to physically underscore East Berlin's role as the capital of the German Democratic Republic, the East German leadership is pouring in-



The Brandenburg Gate, an elegant gap in Berlin's 111 km concrete wall.

centre and the posh suburbs of Dablen and Grunewald. The Bonn Government ensures that West Berliners enjoy the highest level of public services in any West German city by paying 52 per cent of West Berlin's budget, DM 11.7bn (£3bn) this year. The government's support is essential as the West's showcase city is not viable without huge financial aid and outside investments.

factory militiamen who helped seal the border on August 13, 1961. Standing before the Brandenburg Gate, they are shown receiving flowers from a grateful member of the Free German Youth organisation. The stamp is inscribed "25 years of the Anti-Fascist Defence Wall." A parade of factory militiamen is to be held on August 13 along with speeches claiming the Wall was necessary to prevent

in West Berlin directly at the Wall, Mr Willy Brandt, head of the SPD, will address a sombre gathering to mark August 13, together with West German CDU Chancellor, Mr Helmut Kohl, who speaks of Berlin and the divided German "Vaterland" with missionary fervour. As Chancellor until 1974, Mr Brandt's policy of dialogue with East Germany and the Soviet Union—at first bitterly

for West Berliners such as the Four Power Berlin Agreement of 1971, which guaranteed the transit routes to West Berlin and restored access by West Berliners to East Berlin and East Germany. Easterners have had to wait much longer for the benefits which have only now begun to emerge. In the first half of this year, 86,000 East Berliners and East Germans below retirement age were able to visit relatives and friends in West Berlin and West Germany compared with only 91,000 in the same period last year. It was the first sizeable westward flow of younger visitors from the East since the Wall was erected to halt the flight of East Germans to West Berlin. As for the months before August 13 1961, West Berlin is again being inundated by refugees. This time, though, they are political asylum seekers from the Third World who are attracted by West Germany's liberal asylum law. The East German authorities

Berlin after their arrival at Schoenefeld airport on Soviet and East German airline flights. The refugees, from Lebanon, Iran and Ghana, are expedited through the controls to commuter trains bound for West Berlin. East Germany has turned a deaf ear to repeated West German demands that it stop the refugee flow. It ominously warned CDU politicians who called for retaliatory trade sanctions against East Germany that its response would be to clamp down on civilian traffic on the land routes to West Berlin. The East German Government wants the three Western Allies in West Berlin to introduce border controls on their side of the Wall in Berlin. This would underscore East Germany's position that the Wall is an international frontier between the two German states and not merely a sector border through a temporarily divided Berlin. The Western Allies, however, appear determined not to do anything which would alter the

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# Mini-summit to consider four packages of sanctions

BY MICHAEL HOLMAN IN LONDON AND TIM DICKSON IN BRUSSELS

AS COMMONWEALTH leaders start arriving in London for the mini-summit on South Africa, a major effort is under way to co-ordinate the imposition of an agreed set of fresh sanctions against Pretoria.

The precise nature of the new measures have yet to be determined, but four packages are under consideration and the target date for agreement, say officials involved, is mid-September.

The seven Commonwealth leaders will first consider the list of new moves drawn up at their full summit in Nassau last October.

But they will also want to take account of the commitment made by the EEC last June to consult other industrialised countries, including the US and Japan, about the im-



position of a ban on new investment in South Africa, and the import of coal, iron, steel and gold coins from the republic. They must also take into

account two developments in the US. Due for renewal on September 9 is the executive order by President Reagan which imposed a series of limited sanctions last September, including bans on computer exports to law enforcement agencies, nuclear technology exports, Krugerrand imports, loans (except for projects benefiting all races) and export assistance to any US company employing more than 25 in South Africa which does not adhere to fair employment principles.

The second development is the growing Congressional pressure for much tougher, new measures, taking the form of a bill passed last night by the US Senate Foreign Relations Committee.

The main elements in this

## THE NASSAU PACKAGE

COMMONWEALTH leaders at last October's Nassau summit agreed to "consider" the following measures against South Africa. After six months, Pretoria failed to start negotiations with black leaders to dismantle apartheid:

- A ban on air links with South Africa.
- A ban on new investment

or reinvestment of profits earned in South Africa.

- A ban on the import of agricultural products from South Africa.
- The end of double taxation agreements with South Africa.
- The end of government assistance to investment in, and trade with South Africa.
- A ban on government procurement in South Africa.

The leaders also agreed that should these measures "fail to produce results within a reasonable period, further effective measures will have to be considered."

pressure by adding other measures to his executive order when it comes up for renewal, but stopping short of what are termed punitive economic sanctions.

On the European front, the Commonwealth leaders will be aware of two important dates in the sanctions timetable. On September 6 and 7, there will be an informal meeting of EEC foreign ministers in London to assess the outcome of Sir Geoffrey Howe's two visits to southern Africa, part of the EEC's attempt to instigate

negotiations between black and white in the republic.

This meeting precedes the formal session of foreign ministers of the Community on September 15 and 16, at which the EEC will have to make a decision on what new measures to introduce against South Africa.

One further date in September—the 23rd—serves to concentrate the minds of all involved. It marks the opening of the UN General Assembly, which Sir Geoffrey will attend, and at which South Africa will be high on the agenda.

importations into Commonwealth countries of South African coal and steel, as well as gold and key minerals such as uranium, should also be banned, the CTUC said.

CTUC's chairwoman, Mrs Shirley Carr, a Canadian, said the unions recognised that full sanctions would cause grave hardship in the front line states bordering South Africa.

She called on Commonwealth leaders to establish a special fund to assist these states, and a committee to oversee the operation of sanctions.

"It is not just the future of South Africa that is at stake, it is also the future of the Commonwealth. It is an important force and we do not want to see it break up," she said.

Mrs Carr revealed she had written to the Queen some weeks ago to express the CTUC's belief that the position of Britain's Prime Minister, Mrs Margaret Thatcher, on sanctions was straining the unity of the Commonwealth.

Mrs Thatcher, who has not found time to meet the union leaders, was singled out for special criticism by the CTUC's steering committee.

The British Government's position will crucially affect the effectiveness of economic measures against South Africa, the CTUC says in a memorandum submitted to the heads of Government meeting in London.

Mrs Chris Dalanni, vice-president of the Congress of South African Trade Unions, said: "Our members reject Mrs Thatcher's argument that sanctions will do more harm than good for black workers. Suffering sanctions will not be worse than apartheid."

The CTUC also published a list of 324 trade unionists detained in South Africa under the state of emergency.

Unions leaders said they would seek to find out how

# Unions urge pact on economic measures

BY CHARLES LEADBEATER, LABOUR STAFF

COMMONWEALTH HEADS of government should sign an agreement to impose immediately comprehensive mandatory economic sanctions on South Africa, the Commonwealth Trade Union Council said yesterday at the end of its emergency meeting in London.

The CTUC, which brings together national trade union bodies in 40 Commonwealth countries, representing 30m workers, called for a ban on air links, new investment, and imports of South African agricultural products.

Imports into Commonwealth countries of South African coal and steel, as well as gold and key minerals such as uranium, should also be banned, the CTUC said.

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Mrs Thatcher—under growing pressure

many of the detainees were employees of sub-contractors, associates of Commonwealth companies. Unions hope to enlist the companies' help to secure the detainees' release.

Should Commonwealth leaders not agree a full package of sanctions, the CTUC will urge national unions to step up their own boycotts of South African goods.

Bernard Simon, under-secretary of state for South African Affairs, said the Government intended to expel large numbers of foreign blue-collar workers if sanctions were applied against Pretoria.

Stringent action would be taken against 1.5m people from neighbouring states working illegally in South Africa, he warned.

## Wages in South Africa

IN AN article published in June 16 dealing with wages in South Africa, the minimum monthly rate of R525 was wrongly converted to £72, not the financial rand exchange rate. The commercial rate should have been used for the conversion, giving a sterling equivalent of £135.

# Robert Mauthner profiles Sir Geoffrey Howe

## The first 'punch ball' diplomat

SIR GEOFFREY HOWE, the Foreign Secretary, who returned this week from his mission to South Africa, bristled but, unbothered, has started what may be described as a new type of "punch-ball" diplomacy.

Contrary to all expectations, it has earned him considerable admiration and respect, even from those who have been hitting out at him.

The technique, which all bosses will recognise, consists of bouncing back smiling when hit, as if nothing, or very little has happened, and thus disconcerting the adversary who thought he had delivered a knock-out punch.

It is not a tactic which met with the approval of every member of Sir Geoffrey's entourage on his abortive mission to Southern Africa.

When President Kenneth Kaunda of Zambia delivered his second tirade against Mrs Thatcher's government within three weeks in front of the assembled press corps accompanying Sir Geoffrey, there were some who felt he should have walked out.

Even though the emotional President Kaunda prefaced his remarks by saying that Sir Geoffrey was welcome "as a human being" to hear one's government publicly accused of "missing apartheid" is the kind of outrageous remark which would have made most other statesmen lose their temper.

Certainly, if a French Foreign Minister had been at the receiving end of such an

intemperate outburst, he would have stamped out of the room mouthing dark threats about the consequences of "insulting the dignity of France."

That, however, is not Sir Geoffrey's style. Apart from putting it on record in sharp, but nevertheless restrained language, that his critics are wrong, Sir Geoffrey eschews like the plague what he himself describes as "an escalation of public rhetoric."

Endowed with an unusual amount of patience, as well as imaginative insight, Sir Geoffrey finds little difficulty in understanding what is bothering his interlocutors.

"You've got to understand the chap, he seems to be saying. It is hardly surprising that he has become frustrated at the lack of progress towards ending apartheid in South Africa."

"He's not really annoyed with us, but with President Reagan for adopting such an uncompromising anti-sanctions position. The presence of the international press gives him a chance to let off steam. The whole thing is not serious, so let's get down to business."

The Union Flag may emerge from such incidents in slightly limp condition, but it can hardly be denied that Sir Geoffrey's tactics have proved to be more constructive than the retaliatory fireworks advocated by some.

After President Kaunda's theatricals, the two men apparently got down to per-

fectly friendly discussions in spite of their obvious differences over sanctions. To have shown undue sensitivity to Mr Kaunda's outburst probably would have led to the cancellation of the meeting.

There was, too, some very "plain speaking" between Sir Geoffrey and President P. W. Botha. Much of it came from the South African leader, judging by the shouting from the hip he indulged in at his final press conference. Sir Geoffrey was told that South Africa would brook no interference in its internal affairs and other "home truths" of that ilk.

Yet at the end of it all, the Foreign Secretary was seen in animated and apparently amicable conversation with Mr Pik Botha, the South African Foreign Minister, in the airport lounge before his departure for London.

Unsubstantiated and unflappable, Sir Geoffrey has come out of the whole affair with a great deal more dignity than those who felt that the only way to make their point was with a sledgehammer.

It may not be everybody's way of doing things, but at least the Foreign Secretary has the satisfaction of knowing that no stone has been left unturned to achieve his objective of promoting a dialogue between whites and blacks in South Africa.

If he has failed, it is because diplomacy itself has its limits as a tool of policy, however skilfully it is practised.



## Black teachers win equality on pay

BY BERNARD SIMON IN JOHANNESBURG

THE SOUTH AFRICAN Government is to remove a key element of discrimination in the country's segregated education system by introducing full wage parity between black and white teachers from December 1.

Dr Gerrit Viljoen, the Minister of Education and Development Aid, said yesterday the salaries of about 81,000 black teachers would be raised by one

or two salary notches in the final stage of a three-year plan to equalise pay among different race groups.

The pay scales of 20,000 more highly qualified teachers reached parity with whites last October.

An official of the Department of Education and Training, which administers black education, estimated that the salary of a relatively poorly qualified

black teacher had risen by an average of R400-R500 (£105-£130) a month in the past three years. He refused to disclose precise pay scales.

The new rules mean that all teachers with the same qualifications will receive the same pay. However, black teachers generally have far lower qualifications than their white counterparts.

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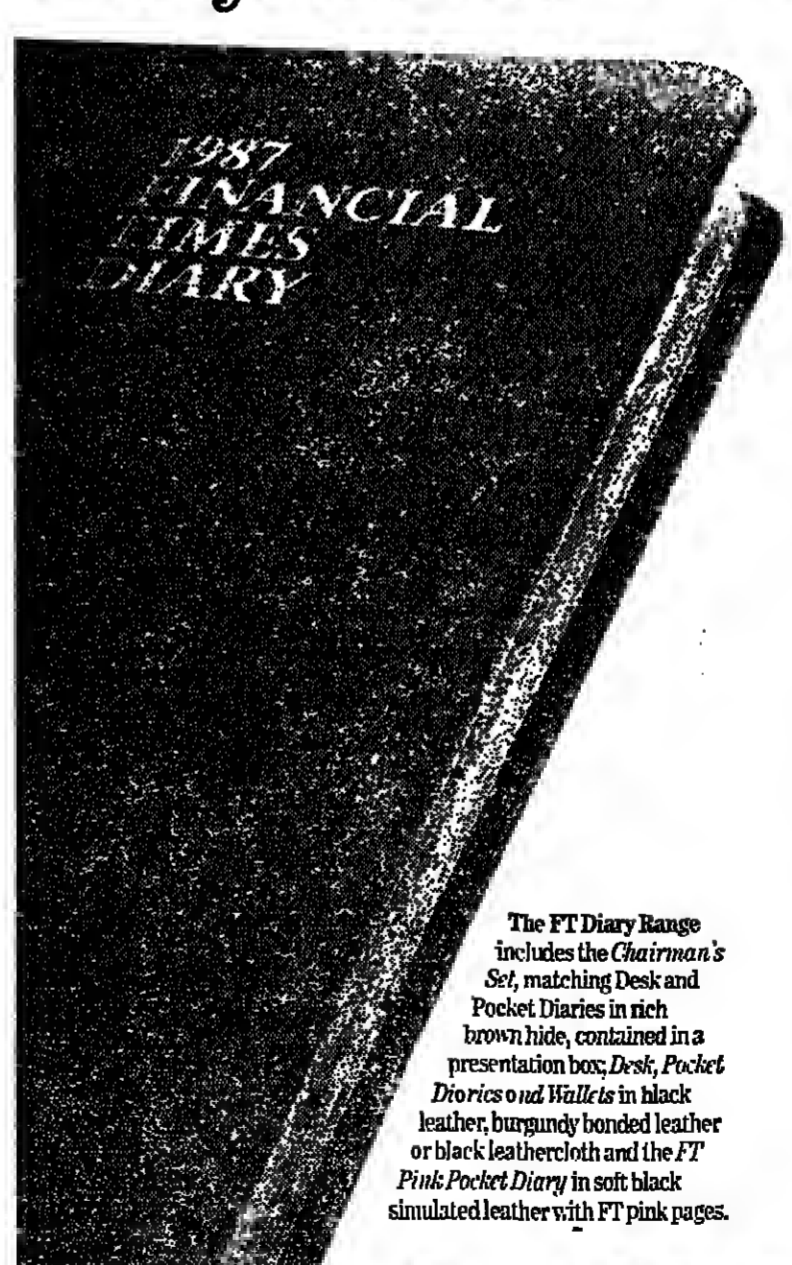
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UK NEWS

ICL launches deal with US work station supplier

BY DAVID THOMAS

ICL, the largest British-owned computer company, is collaborating with Sun Microsystems, a US technical computing company based in Silicon Valley, in the fast-growing market for technical work stations. They are used by engineers, scientists and other professionals for complex graphics and calculations.

joint ventures to market computer services. Sun Microsystems, founded in 1982, is the second-largest company in the market for technical work stations, with almost 20,000 machines installed worldwide.

The UNIX system is derived from an American Telephone & Telegraph operating system which several companies have adopted as a standard. ICL will phase out supply of work stations provided by Perq Systems of the US which it has been distributing since 1982, though it will honour existing orders under a service agreement.

ICL recently announced a joint venture in managed data networks with Mercury Communications, the Cable and Wireless subsidiary, which was another example of ICL seeking

Sun Microsystems has arrangements with about 75 companies worldwide similar to the one it has made with ICL.

Mr Darryl Barbe, Sun Microsystems vice-president, said yesterday that he welcomed participation with ICL because ICL was strong in certain market segments and had sales in more than 70 countries.

BA cuts flight time to Sydney

By Our Aerospace Correspondent

BRITISH AIRWAYS is to introduce a one-stop service between London and Sydney from October 29, calling at Bangkok, thanks to updating of its aircraft. BA flights to and from Sydney currently make two stops.

The eastbound journey to Sydney will take 21 hours 15 minutes, 35 minutes quicker than the fastest service by Qantas. The return flight will take 23 hours 40 minutes, 20 minutes faster than the best time by Cathay Pacific via Hong Kong.

Other faster flights between South-east Asia and the Far East are expected after the installation of improved D4 engines of the Rolls-Royce RB-211-524 engines in 12 of BA's 747 Jumbo jets.

These advance engines give better fuel consumption and greater speed, as well as more range than earlier versions of the RB-211.

Non-stop flights between London and Singapore and Hong Kong will also become possible. BA is spending more than £100m on the engines, which will save £13m a year in fuel bills, Mr Colin Marshall, BA's chief executive, said.

Attack on plan for doorstep pension sales

By Clive Wolman

PROPOSALS that would permit door-to-door salesmen to try to persuade employees to leave company pension schemes and take out personal pension contracts have been strongly criticised by the Consumers' Association.

Mrs Rosemary McRobert, deputy director, said yesterday that the association was appalled by the rules published on Thursday by the nascent City regulatory bodies, the Securities and Investments Board (SIB) and the Marketing of Investments Board Organising Committee (MIBOC).

The rules which regulate unsolicited ("cold") calling by salesmen applied originally only to life assurance and unit trusts. Other investments, such as shares, may not be sold by cold calling.

But under the Social Security Act which has just become law, individuals are to be given much greater freedom to take out personal pensions and SIB decided that they could be sold by door-to-door salesmen in the same way as unit trusts and life assurance.

"It would be hard to think of a more inappropriate way to get people to make a decision about so important a provision for their future," said Mrs McRobert.

The association fears that people will be pressurised into agreeing to take out a personal pension contract on their doorsteps without having time to consider all the consequences.

Rosyth dockyard contract sought by three bidders

FINANCIAL TIMES REPORTER

MANAGEMENT of the Ministry of Defence's naval dockyard at Rosyth, Scotland, is due for transfer to private hands in April next year.

The ministry said yesterday, the official deadline, that it had received three formal bids for the seven-year commercial management contract on offer. They would be evaluated during the next few months and the successful company or partnership would be named in December.

The winner would then be granted immediate access to familiarise itself with the yard before vesting day on April 6, 1987.

The bids under consideration came from a partnership of Babcock International and Thorn EMI Electronics, another consortium offer from Balfour Beatty, and Weir Group, and a third offered under Press Offshore.

The official notification and the passing of the deadline ended suggestions that the existing management and other companies seeking partners might compete with the three front-runners named yesterday.

Last month, Brown and Root (UK)—a subsidiary of a US company, Halliburton—entered the bidding for the contract to run the Ministry's other yard at Devonport in the south-west.

Foster Wheeler, another US company, is also in the auction, with the existing management team.

The Government's controversial proposals to privatise the management of the yards received a setback in May when a consortium led by Trafalgar House pulled out of the Devonport bidding, saying the venture would not be commercial.

The two dockyards carry out about £500m worth of naval refitting annually. They employ almost 20,000 people, mostly at Devonport.

King, Mr W. G. Shaw, and Mr Sidney Weigbell. All the activities of each airport will be the responsibility of the individual airport company. BAA plc will retain overall control but will be involved mainly with financial, strategic and policy issues, with its own separate office near Victoria in London.

The precise date at which BAA plc will be floated on the Stock Exchange has not yet been fixed, nor has the issue price and the amount it is intended to raise.

The amount suggested so far has been about £500m but is believed that the continued profitability of the airports may push the price much higher.

In the year to last March 31, the Airports Authority (as it then was) earned a pre-tax profit of £78m, a rise of 18.6 per cent over the previous year.

On the board of BAA plc are Sir Norman Payne, chairman; Mr J. E. Boyd, deputy chairman (and part-time chairman of Scottish Airports); Mr John Mulkerin; Mr G. Ashton; Mr J. M. Drinkwater; Mr D. M. G.

Airports Authority status changes ready for sale

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH Airports Authority, which is to be privatised in the first half of next year, has become BAA plc as the first step in its privatisation. It becomes the holding company for its seven airports, each of which in turn is restructured as a limited liability company.

BAA plc said yesterday that it would control four companies—Heathrow Airport Ltd, Gatwick Airport Ltd, Stansted Airport Ltd and Scottish Airports Ltd.

Scottish Airports would control Aberdeen, Edinburgh, Glasgow and Prestwick airports, each of which becomes a limited liability company.

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This year, says Computer Application Consultants, a UK research body, Whitechapel is likely to obtain only 2 per cent of the total European market for scientific work stations of about £200m.

Greenpeace urges ban on kangaroo skin imports

By Fiona McEwan

PRESSURE is mounting for a ban on the import into Europe of kangaroo skins for sports shoes in order to stop the slaughter of the animals in Australia.

Greenpeace, the environmental group, has called for an EEC ban on kangaroo products. It says the killing of kangaroos is one of the world's largest slaughters of wildlife.

Europe is the largest buyer of the animal skins—particularly Italy, France, West Germany and the UK—taking exports. The skins are used mostly for football boots and running shoes. In 1985, 2m kangaroos were killed, legally and illegally, and 1m skins were exported.

Conservationists say kangaroo culling—conducted each year with government approval—is indiscriminate, excessive, unnecessary and often extremely cruel. The animals are not yet an endangered species, but could become so.

The Australian authorities allow the killing on the grounds that the kangaroo is a pest, destroying crops and threatening the livelihood of the nation's many farmers.

Each year a quota is set for the cull—this year's is 2.7m—and since 1977 17m animals have been commercially slaughtered.

Greenpeace argues that market forces are dictating the numbers killed and says there is little evidence about how much kangaroos damage crops. Australian states involved in the cull are not required to justify their quotas, and most of the killing occurs on uncultivated land.

Furthermore, Greenpeace says 195,000 more animals have been killed than the quota over the past three years and disciplinary action has been taken.

Controls in such a large country are almost impossible to enforce. There are 160 Wildlife Service field officers policing the one third of the country where killings take place. On average, each officer is responsible for an area half the size of Belgium.

A recent RSPCA report in Australia found evidence of cruelty. Many kangaroos are not shot cleanly in the head and have to be clubbed to death. Baby kangaroos being carried by their mothers are also clubbed to death.

Greenpeace wants kangaroos to be controlled mostly by methods which do not involve killing.

By lobbying European farmers and manufacturers, it hopes to end demand for skins. Representations have been made to companies selling kangaroo sports shoes in the UK. These include Diadora (37 models), Lotto (17 models), Adidas (five models), Puma and Converse (two models each), Nike, Stacchini, Hitro and New Balance (one model each).

The response has been mixed. Pledges to stop using kangaroo skins have come from Nike, Lotto (which has been moving more into synthetic materials) and Olympus, one of Europe's largest sports retailers. Garnar Booth, the largest importer of kangaroo skins into the UK has no objections "for the moment" of importing more skins. But Adidas in West Germany and New Balance remain unswayed.

Building groups in water venture

BY ANOREW TAYLOR AND PAUL BETTS

TWO OF Europe's biggest construction groups have formed a joint company to provide privately financed and managed treatment and distribution for Britain's publicly-owned water industry.

The joint venture is to go ahead even though plans to privatise the 10 regional water authorities in England and Wales have been postponed by the Government until after the next General Election.

The two companies are Trafalgar House, the British construction, shipping, hotels and property group, and Bouygues, the French group which claims to be the world's biggest construction company.

The new company, Cementation Saur Water Development, is considering several possible developments and hopes to announce its first UK contracts next month.

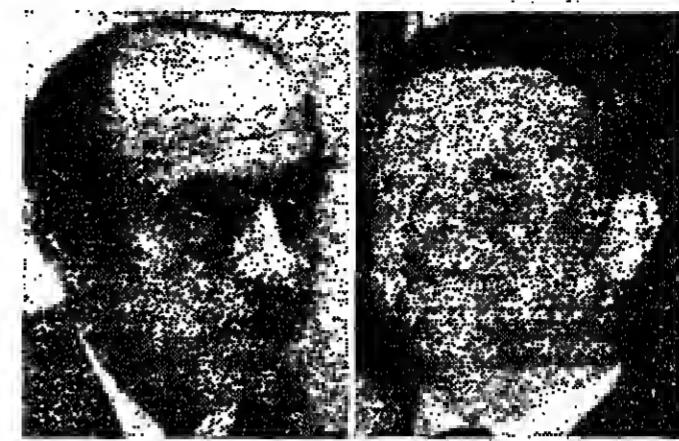
Cementation, the civil engineering arm of Trafalgar House, said last night that the two companies would also collaborate on water projects in other countries where opportunities existed for private investment.

It said Bouygues would bring to the joint venture experience of running privately-owned water distribution and treatment businesses in France.

The two companies said they would also be looking to cooperate on other international construction projects outside the water industry.

Bouygues, through its Saur subsidiary, which was acquired three years ago, claims to be the world's third largest private water distribution company.

Bouygues has wide experience of building sewage, water treatment and water supply facilities in the UK and



Francis Bouygues: head of Bouygues



Sir Nigel Brookes: Trafalgar House chairman

overseas. The company is currently working on £40m worth of contracts for the Cairo Waste Water project.

A proposal that the two companies should collaborate on water projects was made before the Government decided, four weeks ago, to postpone its privatisation plans.

Trafalgar House said last night that existing regulations already allowed private companies to finance, develop and operate water supply and treat-

ment facilities for water authorities. As well as its French interests, Saur is also a leading supplier and operator of water and sewage services in French-speaking African states.

Cementation hopes to build on this and its own experience in international markets, which accounts for nearly half of Trafalgar House's £1.2bn construction order book.

Bouygues and Trafalgar House were recently rivals in groups bidding to build a 30-mile rail tunnel under the Channel. Trafalgar House was a member of the unsuccessful EuroRoute group whose plans for a bridge and tunnel crossing were rejected by the British and French governments.

Both companies have recently made large acquisitions. Trafalgar House announced in May an \$80m agreed bid for John Brown, the loss-making engineering and construction company. Bouygues took control of Sereq, France's second largest construction company. The takeover, according to Bouygues, makes it the world's largest construction company.

Ministers step up attacks on Labour's public spending plans

BY PETER RIDDELL, POLITICAL EDITOR

TREASURY MINISTERS yesterday intensified their challenge to Mr Roy Hattersley, the shadow chancellor, over the Labour Party's proposals on public spending.

This came as Mr Mervyn Rees, a former Labour Home Secretary, called for an independent audit of the party's spending plans.

The exchange of letters between the Treasury and Mr Hattersley is intended to put the opposition on the defensive about what is or is not a firm commitment.

The claim by Mr John MacGregor, the Chief Secretary to the Treasury, that Labour's commitments added at least £25bn to public spending was dismissed on Thursday as "increasingly silly" by Mr Hattersley, who said the shadow cabinet had agreed a firm framework for public expenditure.

In a further letter yesterday, Mr Nigel Lawson, the Chancellor, questioned where this firm framework was. He challenged Mr Hattersley: "If you contest our costings of your commitments, let me have the table (setting out Treasury estimates of the details) back with your figures line by line, programme by programme—and let me know which commitments by your colleagues we should all ignore."

Mr Rees, speaking last night in his Leeds constituency, further stirred the controversy by arguing that Labour should put its prepared policies to the

electorate well in advance of the general election. "Where expenditure is concerned, we should put our policy to independent audit. Without that, we will have the current deceit coming from Tory Ministers."

He added, in a radio interview yesterday, that he had long felt that the expenditure proposals of opposition parties should be independently costed by a body of economists and accountants.

He also argued that civil servants should be allowed, and seconded, to advise opposition parties about current realities and the nature of spending commitments. As the election approached, Labour had to say what it was going to do, Mr Rees said.

Heron and Cannon considering wide range of joint ventures

BY RAYMOND SNODDY

HERON INTERNATIONAL, chaired by Mr Gerald Ronson, is exploring the possibility of a wide range of joint-venture and co-operation agreements, from property development to music and video distribution, with Cannon group, the US company which recently acquired Thorn EMI's film interests.

Heron, a large private company, last month said sales had topped £1bn for the first time. Mr Ronson yesterday confirmed that exploratory talks with Cannon on a worldwide co-operation basis were under way. They are believed to be the reason for cancellation at short notice of the launch of a Cannon Classics video label.

Cannon Classics, 50 videos, mainly from the library bought from Thorn, would have competed directly with Channel 5, the video label launched by Heron and Polygram International this year. Cannon said its launch had been cancelled

because of circumstances beyond its control. The announcement led to speculation that Heron planned to buy Cannon's video business. However, the talks are much more broadly based and involve joint ventures and co-operation rather than outright purchases.

A joint bid by Cannon and Heron for Thorn EMI Screen Entertainment last year was beaten by a management buyout bid of £110m.

When the buyout team failed to raise its finance, ownership passed briefly to the Bond Corporation of Australia which sold the entire division to Cannon for £150m.

Heron has £100m (£67m) invested in more than 50 Cannon films. It has been expanding the film and leisure side of its business.

Holiday company collapses

MANCHESTER tour operator, Sierra Holidays, has collapsed and the 250 people due to travel with them at the weekend were being contacted last night.

The Association of British Travel Agents said a total of 800 with holidays booked with Sierra would be reimbursed and the 500 already on holiday would be brought home when their holidays ended.

Peter Marsh on the problems besetting a leading European scientific work station producer Whitechapel Computer inches its way to survival

WHITECHAPEL COMPUTER Works, a promising computer company which last month was on the brink of collapse, is inching its way to survival thanks to a last-ditch, £500,000 cash injection from two investment organisations.

The company is one of Europe's leaders in the emerging business of scientific work stations, an area dominated by US concerns. It should achieve a small profit in this financial year on annual sales of about £4.5m, says Mr Bob Haire, managing director.

That would greatly improve on the position earlier in the year when East London-based Whitechapel was hit by heavy cash losses, an ebbing of confidence among customers and a series of acrimonious clashes between the engineers who started Whitechapel and the financial concerns backing the company.

Matters reached a low point early last month when the company, which employs 50, called in the receiver, Newmarket Venture Capital and the Greater London Enterprise Board (GLEB), two of the investment groups which had previously backed the company, then bought the assets for an undisclosed sum and put in place a recovery plan involving the injection of the extra £500,000.

GLEB is a publicly-owned development agency set up by the now-defunct Greater London Council and which now has a reduced role under the control of the Greater London Authority.

company. It had become involved as part of its brief to aid the regeneration of the capital's economy.

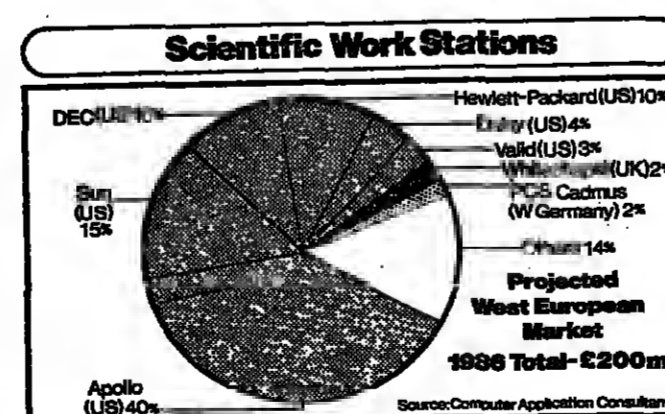
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area are Apollo, Sun, DEC and Hewlett-Packard, all of the US. The only other European concern of note is PDS Cadmus of West Germany.

According to observers the company's difficulties were made no easier by its failure to develop enough marketing and production skills to complement the technical expertise of the computer engineers who founded the concern.

Whitechapel's short history also featured a number of unseemly rows involving its founders and the three investment agencies which have so far put £2.2m into it.

The three bodies included Newmarket and GLEB, the company's current joint owners, and Bailie Gifford, the Scottish banking group. The company was started in mid-1983 by Mr Tim Eccles and

brought in by the investors last September in a bid to stem the losses.

The position improved slightly, and in March, the company reported annual sales of £3.5m for the financial year, allowing a less than devastating loss of £500,000. However, later orders for its machines slipped to 25 a month, from 35 a month in December.

Friends Provident, the insurance company, considered investing a further £500,000 in Whitechapel but withdrew its offer. Whitechapel started a search, which it says is continuing for an industrial partner, probably an established electronics company, which would provide extra cash and manage the new resources in exchange for talking up to 60 per cent of the equity.

Mr Newman, who was the company's technical director, and Mr Cole, who had continued as marketing director, resigned from the board in April after Mr Newman had been accused of attempting to take over the reins of the company, a charge he denies.

Ultimately Newmarket tried to stabilise matters with an offer to put a further £500,000 into Whitechapel on condition the shareholding structure would be altered.

This would have removed the effective veto on large changes in the company, held, as a result of the company's complex constitution, by a series of Class B shareholders, mainly Mr Eccles and Mr Newman.

Whitechapel's manufacturing manager, flew to Las Vegas at the start of last month in a bid to persuade Mr Eccles, who was attending a trade exhibition there, to agree to the changes.

Mr Eccles brushed off Mr Christofis, arguing that he had too little time to consider the changes and that the offer document he was asked to sign contained typographical errors.

In the event Newmarket's offer lapsed on July 4 and the company went into receivership, only to be rescued the following week.

The problems have left a trail of bitterness. Mr Eccles, who is trying to set up a computer company called Tekrite, says that by failing to bring in an industrial partner the new management and the investors have ruined the company's prospects. "I'm very cross with them," he said.

Mr Newman and Mr Cole, meanwhile, are starting another venture, a company called Acumen which will specialise in desk-top publishing. Referring to his time with Whitechapel, Mr Newman said: "It has been three years work for nothing."

Whitechapel is now attempting a recovery. According to Mr Haire orders are starting to flow in again and prospects look good. However, he says the company still needs another £2m over 18 months to safeguard its future.

Housing starts show 7% rise

HOUSING starts in the second quarter of this year were 7 per cent higher than in the first three months and 6 per cent up on the same period of 1985.

However, construction of private homes is still outstripping progress in the public sector, according to seasonally adjusted figures published yesterday by the Environment Department.

They show that private starts in the first three months in the end of June were up 7 per cent on the first quarter and 8 per cent higher than a year earlier. Completions were up by 2 per cent and 1 per cent respectively.

Public sector starts were up 7 per cent on the previous quarter and 7 per cent lower than in the comparable three months in 1985. Completions fell by 2 per cent and 24 per cent respectively.

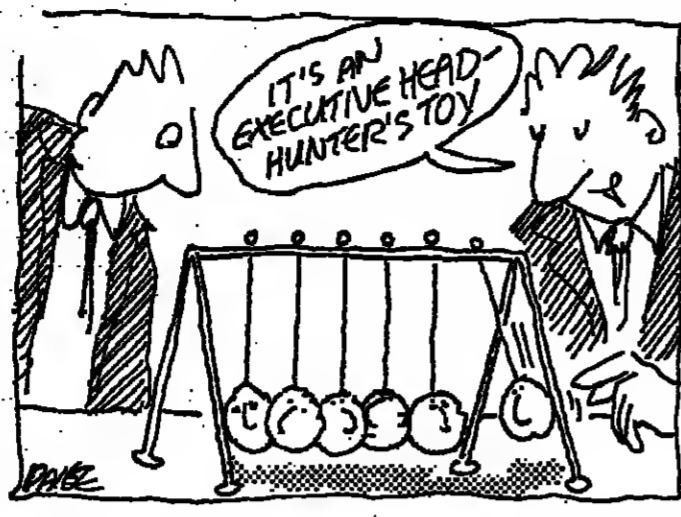
Public sector starts were up 7 per cent on the previous quarter and 7 per cent lower than in the comparable three months in 1985. Completions fell by 2 per cent and 24 per cent respectively.

Ford to raise prices by 3.7% BY Fiona Thompson THE PRICE of new Ford cars will go up from August 15, the company said yesterday. The maximum retail price of all models, except the Capri, will rise by an average of 3.7 per cent.

Vertical advertisements on the right edge of the page, including 'Shop Pla', 'THE NA', and 'MAIL OR'.

Laurie Ludwick on the growth of executive search consultancy in financial services
Hunters lured by high-priced finance heads

"I'VE COME to London to chase an American." Windle Priem head-hunter, will travel any distance in pursuit of his quarry.
His mission this time is to persuade a 37-year-old American banker to accept the top job in the London office of a leading US commercial bank.



1984. Mr Stephen Rowlinson, managing partner in Korn's St James's Square office, said: "We've been at the very heart of two phenomena in financial services, as markets are becoming more global, we're a necessary first step for the participants. The other growth area is obviously a result of Big Bang."

are based in an overseas head office and are unfamiliar with both the territory and the particular local subtleties involved in finding staff.
"Right now we have a Japanese client looking for a French national with an extensive knowledge of French and London markets," Mr Robinson said. "How could he ever begin to find the right person?"

it has been pinching his competitor's resources," Ms Stephens said.
Newspaper advertising is something Mr Graeme Wood, personnel director at Mercury Group, wants to avoid. Mr Wood placed an ad in the early 1980s for a position in Warburg's corporate finance department. He received 600 applications which required a team of people to wade through.

EDUCATION authority leaders yesterday gave all-party backing to the outline agreement on a new salary structure and employment contract for teachers in England and Wales.
In an important signal to the Government, which is being asked to fund the deal, all but one of the five Conservative representatives on the management panel of the Burnham pay negotiating committee voted to endorse the agreement.

Burnham Tories back teachers' pay deal

By Our Labour Correspondent

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Sogat agrees to abide by High Court judgment

BY DAVID BRINDLE, LABOUR CORRESPONDENT

LEADERS of the print union Sogat '82 agreed yesterday to abide by the terms of the High Court ruling limiting picketing outside News International's printing plant at Wapping, east London.
However, the union's national executive council made no decision on whether to appeal against Thursday's ruling by Mr Justice Stuart-Smith.

Oxford Street retailers plan late night trading

BY OUR CONSUMER AFFAIRS CORRESPONDENT

RETAILERS IN London's Oxford Street—one of the most famous shopping areas in the world—want to improve their trading environment and stay open longer during the week.
The Oxford Street Association, representing a majority of traders from Tottenham Court Road to Marble Arch, has drawn up plans for late night trading in the week.

Projects for jobless hit landscapers

By Alan Pike, Industrial Correspondent

LANDSCAPING contractors are being hit by competition from Government employment schemes, the British Association of Landscape Industries said yesterday.
The association said its 1986 industry survey showed that Manpower Services Commission schemes had helped lead to larger companies suffering reduced turnovers during the past year.

Aptitude test may replace assessment by A-level

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE GOVERNMENT is funding experiments which could lead to the scrapping of academic examinations such as GEC A-levels as the main way of choosing entrants for degree courses in universities and polytechnics.
The theory behind the trials, which the Education Department is financing initially with a £50,000 grant over the next 18 months, is that students' suitability for degree studies can be better identified by the characteristics of their every-day behaviour, than by their performance in set-piece examinations.

Damage to TNT worth £10,000

MORE THAN 200 people caused more than £10,000 worth of damage in an attack early yesterday morning on a distribution depot where copies of the News International papers, the Sun and the Times were awaiting delivery, writes Charles Leadbeater, Labour Staff.

Boulton and Paul closes Norwich plant

Financial Times Reporter

BOULTON AND PAUL is closing its steel fabrication plant in Norwich and concentrating fabrication work at its Scarborough factory because of shrinking demand in the UK for structural steel.
The company, based in Norwich, is also closing a design office in Birmingham, with a total loss of 180 jobs at the two sites.

Table with columns for bank names and interest rates under the heading 'BASE LENDING RATES'.

APPOINTMENTS

Black Horse expansion

Westminster Bank. He succeeds Mr John Sayle, who retired on September 30. Mr Allen has been assistant general manager since 1980.
Mr Richard Altes has been appointed general manager, Peterborough Products, PERKINS ENGINES GROUP. Formerly Perkins director finance, Mr Altes joined the company in 1985 following a 14-year career with Massey-Ferguson, now Varsity Corporation. He succeeds Mr John Towers who becomes vice president, Varsity, International Services, based in Toronto, Canada.

Fire damage rises to £130m

FIRE DESTROYED property worth an estimated £130m in England and Wales in the second quarter, the Association of British Insurers said yesterday. This was a 19 per cent rise on the corresponding quarter last year and brought the first-half total to £235.5m.

Government urged to talk with Opec

THE UK Government should talk "openly and directly" to the members of the Organisation of Petroleum Exporting Countries in order to agree on ways to support oil prices. Failure to do so could halt all new developments in the North Sea, and declining UK production would mean a surge in oil imports.

Shopping by post? Play it safe. Readers who reply to cash with order advertisements in national newspapers or colour supplements are safeguarded by the National Newspapers Mail Order Protection Scheme. THE NATIONAL NEWSPAPER MOPS MAIL ORDER PROTECTION SCHEME

Black Horse expansion. Mr P. Constable and Mr R. Mercer. As part of the continued expansion of BLACK HORSE AGENCIES, the estate agency subsidiary of Lloyds Bank, Mr Peter Constable, regional director and general manager of the bank's Greater London (north) region, became chief executive from August 1. Mr Roy Mercer, general manager of Black Horse Agencies since its launch in 1982, will remain in his present position for the time being, and will now be able to devote his main effort to acquisitions. During 1987 he will take over as regional director and general manager of the bank's south east region on the retirement of Mr David Wyles.

ECONOMIC DIARY

TOMORROW: Seven heads of Commonwealth Governments open three-day summit meeting in London. Mr George Bush, US Vice President, starts visit to Cairo (to August 5). Cowes Week opens. MONDAY: Treasury publishes UK official reserves figures for July. Capital issues and redemptions for July from Bank of England. TUESDAY: London and Scottish banks' July monthly statement. Bank of England's provisional estimates of monetary aggregates (mid-July). WEDNESDAY: Maiden flight of British Aerospace's ATP aircraft, Manchester. Advance energy statistics for June. Detailed analysis of employment, unemployment, earnings, prices and other indicators. THURSDAY: National House

London welcomes Riyadh. RIYADH YESTERDAY AND TODAY THE SAUDI EXPERIENCE OLYMPIA JULY 30-AUGUST 10 - 10.00am-8.00pm ADMISSION FREE

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 4BY
Telegrams: Finantime, London FS4. Telex: 8954871
Telephone: 01-248 8000

Saturday August 2 1986

Mandatory sanctions

THE MEETING of Commonwealth leaders that opens in London tomorrow is most likely to be successful if it is seen in the broadest possible international context. It is not just about relations within the Commonwealth or even within the Commonwealth itself. It has become part of a much wider process.

True, no gathering that includes the heads of government of Australia, Canada, India, two of the front-line African states and a representative from the Caribbean as well as Britain can be exactly described as parochial. The Commonwealth deserves credit for having raised the South African question towards the top of the international agenda. The situation may not yet be as potentially explosive as that of the Middle East or the competition in strategic armaments between the US and the Soviet Union.

foolish of Commonwealth members to become chattering merely because of a delay of a few weeks. Besides, there are still a great many details to be discussed. It is very striking, for example, that even such an ardent advocate of sanctions as Mr Malcolm Fraser, the former Prime Minister of Australia, has never really faced the question of whether they should be mandatory: that is, binding under a resolution of the United Nations Security Council. Neither Mrs Thatcher nor President Reagan may like the UN very much, but if there are to be sanctions the Security Council is the logical channel to go through. Mandatory measures would reduce the possibility of appeals against sanctions in the courts. They would also make evasion more difficult.

Some thought needs to be given, too, to what happens after sanctions are imposed. They should be the beginning of an exercise rather than an end in themselves. That means monitoring, and monitoring not only whether the measures are observed fully, but also the political effects inside South Africa. Are they leading to the political dialogue that is supposed to be one of their aims, or are they making matters worse? Should they be tightened or loosened? Someone will have to watch this.

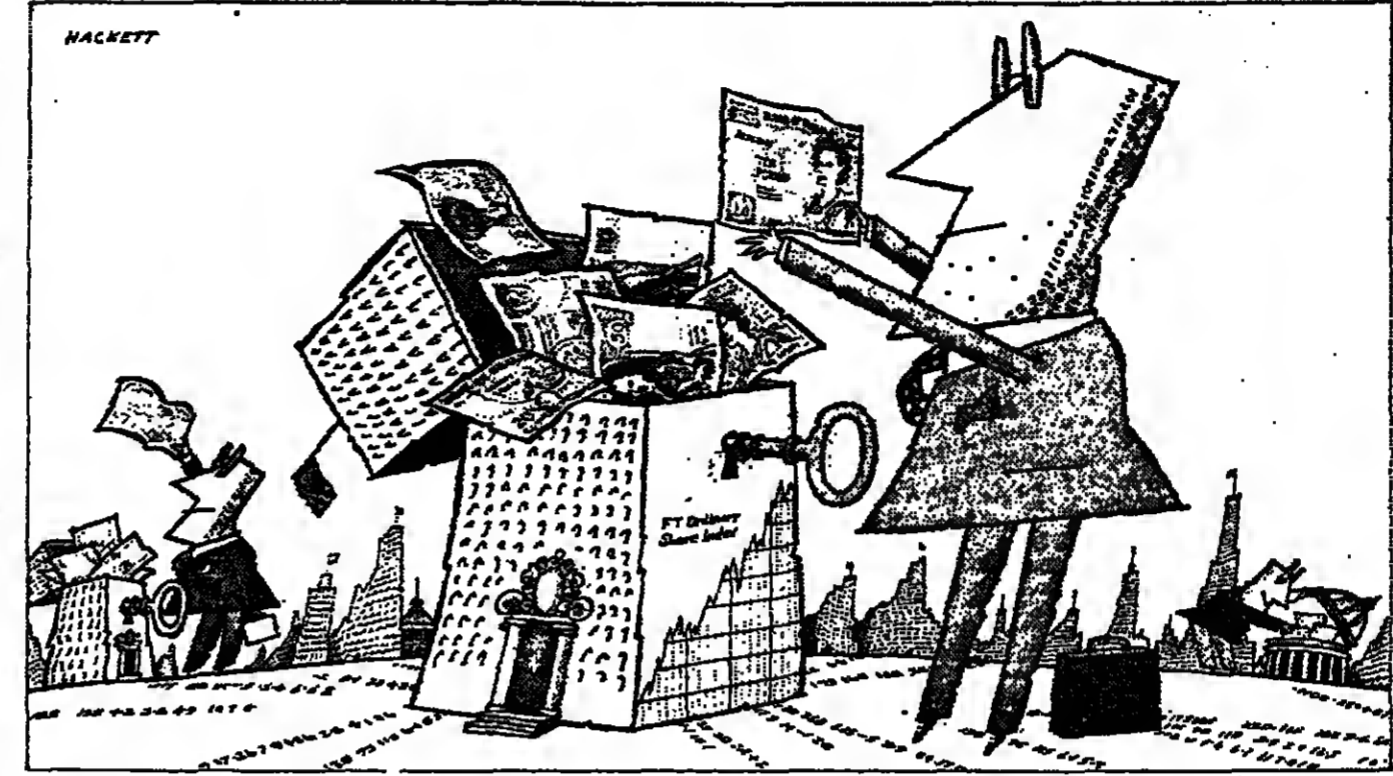
WEALTH IN BRITAIN

W EALTH is a dirty word in Britain. Those who covet wealth are deemed to be greedy, those who strive for it grasping, and those who achieve it ostentatious.

Yet in the past six years, since the Thatcher government came to power, more people have become very wealthy in Britain than ever before. By the end of this year there will be 8,000 millionaires in Britain, according to the Inland Revenue. This may seem paltry in comparison with the US, where there will be a million millionaires by the end of this year, but at least 3,000 of the British millionaires have made their millions since Mrs Thatcher moved into Downing Street.

Traditionally, British wealth has been inherited, yet most of these new millionaires have worked for their wealth. Where has the new wealth come from? And has the profusion of wealth changed social attitudes towards it?

Perhaps the greatest single source of sudden wealth in recent years has been the City. A bull market has raged on the London Stock Exchange ever since the 1979 election. The FT-30 Share Index has soared from 553.5 on May 3 1979, when Mrs Thatcher was first elected, to 1382.9 on May 3 this year. "The Government cannot create a bull market — indeed this bull market began under Labour after 1974 — but what it can do and what this Government has done is to create a climate in which the stock market can flourish," says Mr Tony Richards, director of private client services at the stockbrokers, Quilter Goodson.



claim paper fortunes of £103m and £33m respectively. By February 1985 the value of those paper riches fell eightfold when Acorn's shares tumbled to 23p. Within a week Acorn's shares were suspended and the paper millions shrivelled. Nonetheless, the USM has spawned some genuine millionaires. According to Touche Ross, 44 company founders have collected more than £1m in cash from their flotations. Mrs Debbie Fields and her husband Randy, the founders of the US cookie company, Mrs Fields, were two. The Mrs Fields flotation flopped, but Mr and Mrs Fields collected their cash millions from the sub-underwriters. Mr Jon Summerill was one.

Mr Summerill is the chairman of the Yellowhammer advertising agency, which creates advertising for the Government's anti-heroin campaign, Barclays Bank and the environmental protest group, Greenpeace, and which jobbed the USM last year with a market capitalisation of £11.4m. The flotation generated almost £3m in cash, £250,000 of which he ploughed back into the business. Mr Summerill pocketed £195m. "I do not feel guilty about it," he says. "Yellowhammer came to the USM as a cash rich company with no need for additional capital. For me the money was the reward for 20 years hard work. Any other hard working businessman would have done the same."

individual entrepreneurs to build the "enterprise culture" which has been a major theme of her government. Direct government assistance has been kept to a minimum. But individuals have been given greater financial incentives to build up businesses and generate new jobs. Many have become very wealthy as a result. In his first Budget as Chancellor of the Exchequer in March 1980, Sir Geoffrey Howe reduced the top rate of taxation from 98 to 60 per cent. For Mr Alan Sugar, chairman of the electronics company, Amstrad, the Government's logic was correct. "What could a government do to help a company like Amstrad?" he says. "A government cannot give you ideas. It cannot spot gaps in the market. All it can do is to create a society in which it is worthwhile for people like me to work hard and build their businesses. And the best way to do that is to reduce personal taxation."

Mr Osman Abdullah, chief executive of the acquisitive engineering conglomerate, Evered Holdings, is convinced that his status as an "outsider" helped, rather than hindered, the development of his company. "My brother and I had a foreign surname and were unknown in established City circles and in the early days we had to run twice as fast to compensate," he says. "And we still run twice as fast. Whether or not distrust and suspicion exist, one always assumes it is there, and that uncertainty is a great motivator. Attitudes are changing, we have come a long way but there is still a long way to go."

enterprise culture has encouraged the glorification of the entrepreneur," says Mr Peter York, who has made his money in the Thatcherite era by plotting the fortunes and fortunes of the rich for his market research consultancy, the SIU Group. "The British have fallen in love with the David and Goliath syndrome, the idea of the small man taking on big business and beating it. Mr Eddie Shah could sell his new newspaper earlier this year by selling himself, six or seven years ago that would have been impossible. Britain has some way to go before it adopts the 'go for it' culture of the US. But we are getting there."

This newfound enthusiasm for enterprise is partly rooted in prosperity, in the increase in personal disposable incomes for those in employment and in owner occupation under Mrs Thatcher — and partly in adversity. "In many ways people have no alternative but to be enthusiastic about enterprise," says Mr Roger McKenzie of Derwent Valley Foods, which manufactures the Phileas Fogg snack foods in the Durham town of Consett. "In a town like Consett, where British Steel was the dominant employer, 4,000 people lost their jobs when the steelworks closed down and the local economy collapsed. "One by one all the old industries that provided employment in the North East have disappeared — ship building, coal mining and steel production. People around here realise that the small, entrepreneurial companies that have sprung up in their place are their only chance of employment."

Enthusiasm for enterprise has in turn forged greater tolerance towards wealth and this tolerance has encouraged the wealthy to become much less reticent about displaying their affluence. "The symbols of affluence have changed but attitudes towards it have changed remarkably," says Mr York. "Splurging on a huge Rolls-Royce may have been the thing to do in the 1950s but not in the 1980s. Yet the reason that a Rolls-Royce is unacceptable has changed too. In the 1960s or 1970s it would have been frowned upon as too expensive. Today it is unacceptable because society prefers an equally expensive, but arguably more stylish, alternative."

Perhaps it is this new tolerance towards wealth that has permitted the Government to continue to offer more and more financial incentives to individuals, as a quid pro quo for economic growth and job creation. The Government is committed to further reductions in personal taxation. Mrs Thatcher, at least, is resolute. "Come with us towards the next decade," she adjured the faithful rank and file at the last Conservative Party conference. "Let us together set our sights on a Britain where there is a resurgence of enterprise, with more people self-employed, more businesses and more jobs."

British Aerospace closure at Weybridge

Out of work in the leafy suburbs

Weybridge, BAe; suddenly, at the home of British aviation, to the sadness and surprise of all concerned, after a long and distinguished life. Shall be much missed by all at Brooklands Road.



The Brownseas—Carolyn, Alan and Antony—outside BAe's Weybridge plant

THE UNEXPECTED death of the British Aerospace plant at Weybridge in Surrey has profoundly shocked and baffled its workforce of 4,000, a majority of whom will lose their jobs. The announcement came on the very day that they all received a large productivity bonus; only months after major plant renovation had begun; and before the staff of one entire section had found their feet after being moved into Weybridge from another site — itself now earmarked to take a remnant of the workforce displaced by the Weybridge shutdown.

The decision to end all manufacturing at this historic site which saw the first flight by an Englishman 79 years ago this September — could not be avoided, according to British Aerospace. The company's military aircraft division had to become more competitive and Weybridge headquarters since January of the eight-site military division, was underused. Bids for new work were falling on price and no other company work could be economically transferred there. About 625 employees would be moved to the company's plants in nearby Kingston and Dunsfold, and just 700 jobs mainly in management, warehousing and design would remain at Weybridge. The "high cost" site had to go — and with it 2,300 jobs. Job losses on this scale may not be uncommon in South Shields but this is happening in secure, "stockbroker" Surrey, the very picture of the favoured south-east. In prosperous Weybridge, which, it can

not be denied, really is leafy and trim, unemployment (at only 5.5 per cent) is hardly a fact of life. The BAe works is as much a part of Weybridge as the affluent St George's Hill private estate immediately across the road. This is an estate in the "executive belt" since a great green garden set with mansions named Aida and Constantia, tucked away behind 10ft hedges of rhododendrons. Each gateway shows only a glimpse of driveway, Georgian facade (probably George VI), and a pump stone nymph on one leg in a pond by the door. St George's tends to attract people who have made a lot of money rather suddenly, earning for Weybridge, perhaps unfairly, a pop star image. But that, and the equally frequently applied dormitory town label are only partly accurate. The last census showed that a surprisingly high proportion, more than half, of all working residents in the borough of Elmbridge — comprising Weybridge, and neighbouring Walton and Esher — earn their living within its boundaries.

And there are other types of estates in Weybridge too, including some council houses. Well, just 606 to be precise. The aircraft workers find themselves in the sort of town that can support a High Street furrier and a Dandini Dance wear shop, where troupes of little girls buy their pink satin ballet pumps. It is a place where the Conservative headquarters sparkles in fresh blue and white, although control of the borough is in the hands of the Residents' Association since the Tories, in a huff, surrendered all the committee chairs after the shock of waking up to a hung council in May. "The British Aerospace employees have earned their place in the town and their share of the area's prosperity. The closure, to take effect over the next 18 months, now threatens the livelihood of skilled workers and, in some cases, entire families, like the Brownseas—father, daughter and son. Mr Alan Brownsea, machine shop foreman, is 52 and has worked at Weybridge for 29 years. This week's announcement stunned him.

"We've lived with cutbacks for 20 years, we're used to them. But no one seriously expected the plant to go." Mr Brownsea reckons any redundancy pay would provide security for only a year, at best, and he sees little chance of finding another job at his age. Antony Brownsea describes himself as "just a miller" in the machine shop. He is, in fact, highly skilled. He completed his four-year apprenticeship on April 3, his 20th birthday. By an unfortunate twist, had the closure announcement come four months ago he would still have a guaranteed job. BAe is offering all apprentices transfers to nearby locations. Carolyn Brownsea, 25, has worked as a technical assistant in the design department for just over a year. There are 750 in the section and 350 jobs will remain after rationalisation. "I failed maths O level but even I can work out that it doesn't look good for me," she said. For Richard de Barro, a designer on the technical staff, the news came as a bolt from the blue. "There was no warning. We've had plenty of

He is 53 and the mortgage on his home in nearby Byfleet is nearly paid off. He has little hope of finding alternative work in the area but would regret having to move. "I don't want to get involved in another mortgage. I've struggled all my life. I don't want to begin again," he says. Many of the 4,000 employees have worked at Weybridge for 30 and 40 years. They take great pride in working at a plant which has earned such an illustrious place in the history of British aviation. Weybridge, based on the famous Brooklands site, the world's first motor-racing circuit, saw the first flight of the Hawker Hurricane in November 1935, was home to the wartime Wellington bomber, the Viscount, Vanguard and VC-10, and the best selling BA 1-11. The plant now assembles wing components for the Airbus family of airliners, does work on the Hawk Trainer and manufactures the taileron structure for the Anglo/German/Italian Tornado. According to Ms Christine Bickerstaff, the Tass union representative at Weybridge, BAe's "highly successful" policy of spreading work throughout the company's plants suddenly stopped — as far as Weybridge was concerned — last year. She decries as "almost laughable" BAe's move of writing 60 local companies about possible staff vacancies. "Many of them depend on us for survival." BAe said that half of the 90-acre site will probably be sold but stressed that the proceeds of land disposal was not a "driving factor" in its decision to close. What would those magnificent men in their early flying machines have thought?

Advertisement for GNI (General News and Information) featuring the headline "Your best Option." The ad describes GNI as a "Traded Options Desk and Options Bulletin Service" and lists contact information: "To: JCM Graham, GNI, 3 Lloyds Avenue, London, EC3N 3DS. Tel: 01-481 9827. Telex: 884962. Prestel: page 48155. Please send me: [ ] An Introduction to Options [ ] The latest 'Options Bulletin' [ ] Details on futures trading." It includes a form for Name, Address, and Tel: Day/Eves, and a Telex field. The slogan "First in Futures." is at the bottom.

Handwritten signature or scribble at the bottom of the page.

Spit in it

On the eve of the crucial Commonwealth mini-summit in London, FT writers assess the leaders' attitudes

Head to head over sanctions and South Africa



RAMPHAL THATCHER KAUNDA GANDHI HAWKE MUGABE MULRONEY PINDLING

THE KEY to Sir Shridath Ramphal's job is his position as Commonwealth Secretary-General...

Malcolm Rutherford

ONE POINT about Mrs Thatcher, the British Prime Minister, that not everybody realises is that her bark can be worse than her bite...

Malcolm Rutherford

IF THERE should be a showdown over sanctions at the Commonwealth's mini-summit, Kenneth Kaunda will be at the forefront of the scrap...

Michael Holman

MR RAJIV GANDHI, the Indian Prime Minister, comes to London wearing two hats that need not always match...

K. K. Sharma

MR BOB HAWKE, the Australian Prime Minister, goes to this week's Commonwealth emergency session on South Africa looking rather haggard...

Emilia Tagaza

WHEN Robert Mugabe won Zimbabwe's independence election in 1980 whites were stunned. They regarded the man as a terrorist...

Michael Holman

NOTHING would please Mr Brian Mulroney more than to receive at least some of the credit for whatever action the Commonwealth eventually decides to take against South Africa...

Bernard Simon

IN 1967 Prime Minister Sir Lynden Pindling sought and achieved peaceful transition to black majority rule in the Bahamas...

Nicki Kell

Revolution and evolution

From Mr L. Xiong: Sir—I felt as if being tickled on the back reading your week-end entertainment (July 26) 'The revolution that shamed China'...

Letters to the Editor

paganda or class struggle, but through increased national awareness, every revolution will explain itself...

Two views of the tunnel

From the Editor, Railway Gazette International: Sir—It is not surprising that Andrew Taylor (July 29) found British fund managers less optimistic than their French colleagues about the profitability of the Channel tunnel...

The guru factor

From Mr G. Lemon: Sir—Whatever Henry Mintzberg (The guru factor, July 28) may say, the halves of the brain have nothing to do with good management thinking...

Bet on the tortoise

From Mr J. Forrest: Sir—Does Mr I. Walker (July 29) really suggest that due to advances in computer technology money purchase pension schemes are now better value than final salary schemes? Surely not...

ADVERTISEMENT BUILDING SOCIETY RATES

Table with columns for Society Name, Share %, Sub % %, and Other %.

UK COMPANY NEWS

Morgan Grenfell raising \$200m via FRN issue

By DAVID LASCELLES, BANKING CORRESPONDENT

Morgan Grenfell, the merchant banking group which recently obtained a listing...

write "bigger tickets" for individual clients according to the rulings on large exposures...

Pergamon sells £30m businesses to Hollis

By David Goodhart

MR ROBERT MAXWELL'S privately-owned Pergamon Press has taken another step towards becoming an investment holding company...

Extel plans purchase of New York publisher

By TERRY POVEY

Extel, sporting and financial information, printing and publishing group plans to purchase the Dealers' Digest financial publishing company in New York for \$40m (£26.8m).

Extel, sporting and financial information, printing and publishing group plans to purchase the Dealers' Digest financial publishing company in New York for \$40m (£26.8m).

Metal Sciences calls in receivers

By Richard Tomkins

Metal Sciences, a USM start-up venture formed three years ago to develop a process for making industrial abrasives...

Lex Service expanding in US

Lex Service, the motor distribution group, unveiled plans yesterday to acquire Richey/Clympact Electronics, a privately-owned US electronic components distributor...

Once the deal is concluded, Richey/Impact will function as an autonomous sales and marketing operation within Lex's US electronic division...

Priest Marians talks to Lincroft

By ALICE RAWSTHORN

Priest Marians, property company, has acquired a 24.8 per cent stake in Lincroft Kilgour textile and investment group...

Steiner, the Austrian-born Bernese-based arbitrator, for £40p a share, a bid at this level would value Lincroft at £10.8m.

Yesterday, Lincroft's shares fell by 12p to 23p. Lincroft is an interesting company to us primarily because of its activities in textile design.

Egerton raising £4m via rights and placing

By RICHARD TOMKINS

Egerton Trust, the property company whose main interests are in nursing homes and sheltered housing for the elderly...

Int. Leisure chief tries to sell shares

By RICHARD TOMKINS

MR HARRY GOODMAN, chairman of International Leisure Group, and fellow directors yesterday tried to sell some 3m-4m of their shares in the company...

Broad Street reverses into Stanelco

By David Goodhart

Broad Street Associates, one of the best known public relations groups in the City, has confirmed that it is going ahead with the reverse take-over of the small USM-quoted heating equipment company, Stanelco.

Rowland-Jones ousted at Bremner-then returns

By ALICE RAWSTHORN

MR JAMES ROWLAND-JONES, chairman of Bremner, the Glasgow store group, was yesterday voted out of office in the latest round of a highly public row with two former directors...

Johnson Fry for USM

By ALICE RAWSTHORN

Johnson Fry, a licensed securities dealer which has emerged as one of the most active sponsors of the business expansion scheme, plans to go public through a placing on the USM at the end of this year.

Lifecare in receivership

By RICHARD TOMKINS

Lifecare International, the nursing homes and sheltered housing group, called in the receivers yesterday. Its shares were suspended shortly after dealings began at 23p.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Friday August 1 1986, 1986, 1985, 1984, 1983, 1982, 1981, 1980, 1979, 1978, 1977, 1976, 1975, 1974, 1973, 1972, 1971, 1970, 1969, 1968, 1967, 1966, 1965, 1964, 1963, 1962, 1961, 1960, 1959, 1958, 1957, 1956, 1955, 1954, 1953, 1952, 1951, 1950, 1949, 1948, 1947, 1946, 1945, 1944, 1943, 1942, 1941, 1940, 1939, 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900, 1899, 1898, 1897, 1896, 1895, 1894, 1893, 1892, 1891, 1890, 1889, 1888, 1887, 1886, 1885, 1884, 1883, 1882, 1881, 1880, 1879, 1878, 1877, 1876, 1875, 1874, 1873, 1872, 1871, 1870, 1869, 1868, 1867, 1866, 1865, 1864, 1863, 1862, 1861, 1860, 1859, 1858, 1857, 1856, 1855, 1854, 1853, 1852, 1851, 1850, 1849, 1848, 1847, 1846, 1845, 1844, 1843, 1842, 1841, 1840, 1839, 1838, 1837, 1836, 1835, 1834, 1833, 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803, 802, 801, 800, 799, 798, 797, 796, 795, 794, 793, 792, 791, 790, 789, 788, 787, 786, 785, 784, 783, 782, 781, 780, 779, 778, 777, 776, 775, 774, 773, 772, 771, 770, 769, 768, 767, 766, 765, 764, 763, 762, 761, 760, 759, 758, 757, 756, 755, 754, 753, 752, 751, 750, 749, 748, 747, 746, 745, 744, 743, 742, 741, 740, 739, 738, 737, 736, 735, 734, 733, 732, 731, 730, 729, 728, 727, 726, 725, 724, 723, 722, 721, 720, 719, 718, 717, 716, 715, 714, 713, 712, 711, 710, 709, 708, 707, 706, 705, 704, 703, 702, 701, 700, 699, 698, 697, 696, 695, 694, 693, 692, 691, 690, 689, 688, 687, 686, 685, 684, 683, 682, 681, 680, 679, 678, 677, 676, 675, 674, 673, 672, 671, 670, 669, 668, 667, 666, 665, 664, 663, 662, 661, 660, 659, 658, 657, 656, 655, 654, 653, 652, 651, 650, 649, 648, 647, 646, 645, 644, 643, 642, 641, 640, 639, 638, 637, 636, 635, 634, 633, 632, 631, 630, 629, 628, 627, 626, 625, 624, 623, 622, 621, 620, 619, 618, 617, 616, 615, 614, 613, 612, 611, 610, 609, 608, 607, 606, 605, 604, 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403, 402, 401, 400, 399, 398, 397, 396, 395, 394, 393, 392, 391, 390, 389, 388, 387, 386, 385, 384, 383, 382, 381, 380, 379, 378, 377, 376, 375, 374, 373, 372, 371, 370, 369, 368, 367, 366, 365, 364, 363, 362, 361, 360, 359, 358, 357, 356, 355, 354, 353, 352, 351, 350, 349, 348, 347, 346, 345, 344, 343, 342, 341, 340, 339, 338, 337, 336, 335, 334, 333, 332, 331, 330, 329, 328, 327, 326, 325, 324, 323, 322, 321, 320, 319, 318, 317, 316, 315, 314, 313, 312, 311, 310, 309, 308, 307, 306, 305, 304, 303, 302, 301, 300, 299, 298, 297, 296, 295, 294, 293, 292, 291, 290, 289, 288, 287, 286, 285, 284, 283, 282, 281, 280, 279, 278, 277, 276, 275, 274, 273, 272, 271, 270, 269, 268, 267, 266, 265, 264, 263, 262, 261, 260, 259, 258, 257, 256, 255, 254, 253, 252, 251, 250, 249, 248, 247, 246, 245, 244, 243, 242, 241, 240, 239, 238, 237, 236, 235, 234, 233, 232, 231, 230, 229, 228, 227, 226, 225, 224, 223, 222, 221, 220, 219, 218, 217, 216, 215, 214, 213, 212, 211, 210, 209, 208, 207, 206, 205, 204, 203, 202, 201, 200, 199, 198, 197, 196, 195, 194, 193, 192, 191, 190, 189, 188, 187, 186, 185, 184, 183, 182, 181, 180, 179, 178, 177, 176, 175, 174, 173, 172, 171, 170, 169, 168, 167, 16



Journalist

INTERNATIONAL COMPANIES and FINANCE

CURRENCIES and MONEY

Greyhound boosted by disposal gain

By Terry Dodsworth in New York

GREYHOUND, the US intercity bus group, which is moving increasingly into the consumer products sector, achieved a 12 per cent increase in profits in the second quarter of this year...

Impact of wide-ranging changes in the company's business as it shifted its focus away from the intercity bus operations for which it became famous...

BP opens forex operation in New York

By William Hall in New York

BRITISH PETROLEUM, one of the world's largest oil companies, has opened a money market and foreign exchange trading operation in New York...

FOREIGN EXCHANGES Data fail to halt dollar slide

US economic data released yesterday were slightly better than generally forecast and much better than some fears, but the dollar failed to bounce...

long way from agreement to production quotas, and threatened to increase UAR production...

£ IN NEW YORK

Table with columns: Aug 1, Latest, Prev. close. Rows: Spot, 1 month, 3 months, 12 months.

Forward premiums and discounts apply to the US dollar

The dollar fell in DM 2.0835 from DM 2.0520, the lowest level since March 23 1981...

The Australian dollar finished at 80.50 US cents in London after falling in a low of 59 cents in Sydney...

On Bank of England figures the dollar's index fell to 111.2 from 111.4, the weakest since February 2 1982.

Sterling was also very weak, suffering on oil price fears after the oil minister from the United Arab Emirates said Opec was a

MAS decline quickens in second half

By Wong Suong in Kuala Lumpur

MALAYSIAN Airline System (MAS), the national flag carrier, which was floated on the Kuala Lumpur stock exchange last December, has reported a 20 per cent drop in pre-tax profits to 108.7m ringgit (US\$41.5m) for the year ended March...

IMC loss bigger than expected

By Our New York Staff

INTERNATIONAL Minerals & Chemical (IMC), the world's biggest fertilizer company, which has been hit by the recession in the farm belt, yesterday upset Wall Street by reporting a higher than expected fourth-quarter loss of \$218m.

progress in addressing problems, assessing the business and preparing the company for the better-balanced performance in the future. He noted that the fertilizer business earned \$21.7m before one-time charges and continues to suffer from low prices and poor volume.

are losses from discontinued operations of \$137.4m, or \$5.08 a share, associated with the planned disposal of the group's industrial products and gas and oil businesses. The net loss from continuing operations in 1986 included net write-offs and charges totalling \$74.7m, \$2.76 per share.

Problem loans put AAB in red

By Tony Walker in Cairo

ARAB AFRICAN International Bank (AAB), majority owned by the Egyptian and Kuwaiti financial authorities, suffered a US\$96.9m loss in 1985 after a tenfold increase in provisions for problem loans, including a large amount owed by Sudan.

Renault offshoot up for sale

By Paul Betts in Paris

RENAULT, the troubled French state-owned car group, is in advanced negotiations with several European groups to sell its Bernard Moters subsidiary which makes small engines for pumps, construction equipment and lawnmowers.

Money lent to Sudan since AAB was established in 1964 was for development purposes. The Sudanese economy, which is heavily dependent on cotton for its export earnings, is on the point of collapse.

BPFI was set up to manage BP's financial assets and liabilities and to take advantage of BP's financial strength through operations in world-wide capital, money and foreign exchange markets.

Horten to sell Hahn unit

By David Brown in Frankfurt

HORTEN, the West German department store subsidiary of BP Industries of the UK, is negotiating the sale of a loss-making clothing subsidiary Paul Hahn.

European reshape for IBM

By David Thomas

INTERNATIONAL Business Machines is to put greater stress on its telecommunications products as a result of a reorganisation of its European operations.

Loans to Sudan were made through AAB itself and its Bahrain-based subsidiary, Al-Bahrain Arab African Bank. AAB's total assets dropped by 17.1 per cent in 1985, reflecting the depressed economic activity

European reshape for IBM

By David Thomas

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LONDON TRADED OPTIONS table with columns for various options like Allied Lyons, B.P., Cons. Gold, etc.

NORTH AMERICAN QUARTERLIES table with columns for various companies like BENEFICIAL CORPORATION, INTNL FLAVORS & FRAGRANCES, etc.

STERLING INDEX

Table with columns: Aug 1, Previous, Current. Rows: 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

POUND SPOT—FORWARD AGAINST POUND

Table with columns: Aug 1, Day's spread, Close, One month, Three months. Rows: US, Canada, Nethind, Denmark, Ireland, Portugal, Spain, Norway, France, Sweden, UK, Austria, Switzerland.

CURRENCY RATES

Table with columns: Aug 1, Bank rate, Special Drawing Rights, European Currency Unit. Rows: Sterling, US\$, Canadian Dollar, etc.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table with columns: Aug 1, Day's spread, Close, One month, Three months. Rows: UK, Canada, Nethind, Denmark, Ireland, Portugal, Spain, Norway, France, Sweden, UK, Austria, Switzerland.

CURRENCY MOVEMENTS

Table with columns: August 1, Bank of England, Morgan Guaranty Change. Rows: Sterling, US Dollar, Canadian Dollar, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: August 1, Short term, 7 days notice, 1 month, Three months, Six months, One year. Rows: Sterling, US Dollar, Canadian Dollar, etc.

OTHER CURRENCIES

Table with columns: August 1, £, \$, ¥. Rows: Argentina, Australia, Finland, Greece, etc.

EXCHANGE CROSS RATES

Table with columns: August 1, £, \$, ¥, etc. Rows: Arg/£, Aus/£, Fin/£, Gre/£, etc.

MONEY MARKETS

Interest rates finished unchanged in the London money market yesterday. The overnight rate was 9 1/2 per cent, compared with 10 per cent on Thursday night...

FT LONDON INTERBANK FIXING

Table with columns: 11.00 a.m. August 1, Three months US dollars, Six months US dollars, One year US dollars.

MONEY RATES

Table with columns: August 1, Over night, 7 days notice, One month, Two months, Three months, Six months, One year. Rows: Frankfurt, Paris, Zurich, etc.

LONDON MONEY RATES

Table with columns: August 1, Over night, 7 days notice, One month, Two months, Three months, Six months, One year. Rows: Interbank, Sterling Co., etc.

UK clearing bank has lending rate 10 per cent since May 22

The Bank of England initially forecast a money market shortage of £500m, but revised this in £750m in the afternoon and provided total assistance of £871m.

Further assistance of £434m in hand at 9 1/2 per cent

Further assistance of £434m in hand at 9 1/2 per cent, and £10m bank bills in hand at 9 1/2 per cent.

Also included in the total were £164m bills bought in resale at 9 1/2 per cent

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Weak pound prevents rate fall

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similar, the minimum the previous week. The number accepted was 197.67, against 197.67 previously, and bids at level were met as to about 80 per cent, compared with 8 per cent the previous week.

FT LONDON INTERBANK FIXING

Table with columns: 11.00 a.m. August 1, Three months US dollars, Six months US dollars, One year US dollars.

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WORLD STOCK MARKETS

NEW YORK

Table of New York stock market data including various stock prices and indices.

STOCK

Table of stock market data for various international markets.

WALL STREET

Drifting in tug-of-war market

Stocks held early advances in active midday trading as stronger Golds buoyed share prices.

CANADA

Stocks held early advances in active midday trading as stronger Golds buoyed share prices.

HONG KONG

Strong demand from overseas institutions buoyed share prices and sent the Hang Seng index to a record close of 1,574.11.

TOKYO

Widespread profit-taking sent the Stock Market into a nosedive for the second straight session.

AUSTRALIA

Marginally firmer in brisk trading with demand for Gold stocks offsetting a weaker industrial sector.

NEW YORK INDICES

Table of New York indices including Dow Jones, S&P 500, and other market indicators.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York with volume and price changes.

CLOSING PRICES FOR NORTH AMERICA

Not available for this edition.

CANADA

Table of Canadian stock market data.

GERMANY

Table of German stock market data.

NORWAY

Table of Norwegian stock market data.

AUSTRALIA (continued)

Table of Australian stock market data.

JAPAN (continued)

Table of Japanese stock market data.

FRANCE

Table of French stock market data.

NETHERLANDS

Table of Dutch stock market data.

SWITZERLAND

Table of Swiss stock market data.

JAPAN

Table of Japanese stock market data.

SINGAPORE

Table of Singapore stock market data.

NOTES - Prices on this page are as quoted on the individual exchanges and are last trading prices. Floating suspended. All D.O. dividend, ac or crop prices, ex R. rights, ex E. P. Price in U.S. dollars.

REVIEW OF THE WEEK

Gold price surges to 6-month high

BY STEFAN WAGSTYL AND RICHARD MOONEY

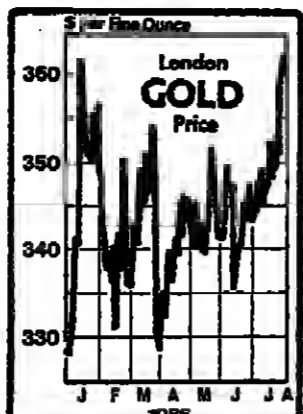
GOLD SURGED this week to its highest level for six months in reaction to the continuing decline of the US dollar...

The dollar's weakness had the reverse effect on the London Metal Exchange's base metals markets which, unlike gold, are denominated in sterling...

The coffee market meanwhile was buoyed by the unexpected success of last month's International Cocoa Agreement negotiations in Geneva...

The early days of this week saw the market edging lower under pressure from New York and from the weakness of the dollar...

Prices in the futures market were bolstered by firm evidence of buying in the physical market...



London GOLD Price

US MARKETS

NEW YORK PLATINUM

NEW YORK PLATINUM futures secured further good gains to reach contract highs in the leading October delivery...

CHICAGO

LIVE CATTLE 40,000 lb. cents/lb. August 58.50, High 59.75, Low 57.25, Prev 58.00...

NEW YORK

ALUMINIUM 40,000 lb. cents/lb. August 22.45, High 22.40, Low 22.10, Prev 22.15...

COCOA

COCOA 10 tonnes, \$/tonne. Sept 1919, High 1925, Low 1910, Prev 1915...

COFFEE

COFFEE "C" 37,500 lb. cents/lb. Sept 164.97, High 170.40, Low 164.60, Prev 168.47...

COPPER

COPPER 25,000 lb. cents/lb. Aug 85.13, High 85.10, Low 84.75, Prev 85.10...

COTTON

COTTON 50,000 lbs. cents/lb. Sept 11.50, High 11.50, Low 11.22, Prev 11.15...

CRUDE OIL

CRUDE OIL (LIGHT) 42,000 US gallons, \$/barrel. Sept 11.50, High 11.50, Low 11.22, Prev 11.15...

HEATING OIL

HEATING OIL 42,000 US gallons, \$/gallon. Sept 33.96, High 34.10, Low 33.10, Prev 33.77...

WHEAT

WHEAT 5,000 bu. min. cents/50-bushel. Sept 100.80, High 100.80, Low 100.80, Prev 100.80...

POTATOES

POTATOES 100 lb. min. cents/100-lb. Sept 100.80, High 100.80, Low 100.80, Prev 100.80...

MEAT

MEAT prices closed unchanged in good volume. Live cattle prices closed slightly firmer...

LIVE CATTLE

LIVE CATTLE prices for various grades and weights, including August and September contracts.

LIVE PIGS

LIVE PIGS prices for various grades and weights, including August and September contracts.

SUGAR

SUGAR prices for various grades and weights, including August and September contracts.

FREIGHT FUTURES

FREIGHT FUTURES prices for various routes and dates, including July and August contracts.

ORANGE JUICE

ORANGE JUICE 15,000 lbs. cents/lb. Sept 105.20, High 105.25, Low 102.10, Prev 102.50...

PLATINUM

PLATINUM 500 troy oz. \$/troy oz. Aug 482.00, High 482.00, Low 482.00, Prev 482.00...

SILVER

SILVER 5,000 troy oz. cents/troy oz. Aug 521.10, High 521.10, Low 512.90, Prev 512.90...

SUGAR

SUGAR WORLD "11" 112,000 lbs. cents/lb. Sept 6.21, High 6.45, Low 6.21, Prev 6.48...

MAIZE

MAIZE 3,000 bu. min. cents/56lb-bushel. Sept 164.4, High 172.0, Low 162.0, Prev 168.2...

PORK BELLIES

PORK BELLIES 36,000 lb. cents/lb. Aug 85.13, High 85.10, Low 84.75, Prev 85.10...

RYE

RYE 5,000 bu. min. cents/50-bushel. Sept 11.50, High 11.50, Low 11.22, Prev 11.15...

SOYABEAN MEAL

SOYABEAN MEAL 100 tons, \$/ton. Sept 145.14, High 145.14, Low 142.10, Prev 142.10...

RYE

RYE 5,000 bu. min. cents/50-bushel. Sept 11.50, High 11.50, Low 11.22, Prev 11.15...

WHEAT

WHEAT 5,000 bu. min. cents/50-bushel. Sept 100.80, High 100.80, Low 100.80, Prev 100.80...

POTATOES

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FREIGHT FUTURES

FREIGHT FUTURES prices for various routes and dates, including July and August contracts.

PHYSICALS

PHYSICALS - The London market opened unchanged, showed little or no interest throughout the day...

WHEAT

WHEAT 5,000 bu. min. cents/50-bushel. Sept 100.80, High 100.80, Low 100.80, Prev 100.80...

POTATOES

POTATOES 100 lb. min. cents/100-lb. Sept 100.80, High 100.80, Low 100.80, Prev 100.80...

Quiet close to week leaves equities marginally higher

Account Dealing Dates

Table with columns: Dealings Date, Dealings Day, Dealings Date, Dealings Day. Rows for July and August.

Political and other uncertainties put a damper on investment activity yesterday and London markets experienced their quietest session for some time...

The alling exchange rate index took precedence over any other influence in the Gilt-edged market. It annulled the side effects of better US bond values...

Gilt-edged traders said that the market seemed to be currently favouring a successful conclusion to the one-year Treasury bill auction...

Blue chip industrialists presented few features and the FT indices posted minor falls throughout the morning until coming to close higher on the session...

Electricals attracted more interest than any other sector. The FT Ordinary Share Index rose 1.6 to end at 1,273.4...

Engineers recorded several noteworthy movements. Buying in the preliminary figures for the month left Press Tools 13 higher...

Qudely dull trading conditions prevailed among the major clearing banks. Midland softened a couple of pence to 545p on further consolidation of the discounting market...

Composite Insurances plotted an irregular course in thin trading. Commercial Union, due to announce half-year figures on August 9...

Grand Metropolitan revived strongly and closed 7 higher at 385p reflecting traded option business. Elsewhere in FT100, Mount Charlotte hardened a couple of pence to 80p...

Halma, the subject of a broker's recommendation, advanced to 302p before settling 13 higher on the day at 285p. Elsewhere, Scapa Group, helped by news of its Spanish acquisition, put on 12 to 485p...

Dealers reported quiet conditions in Traded Options. Oneosin, lockstare business in underlying securities hindered demand for Traded Options...

Hawker Canada In the six months to end-June 1988 Hawker Siddeley Canada a subsidiary of Hawker Siddeley, achieved pre-tax income of C\$16.51m...



FT Ordinary Share Index

concern. Freemans, meanwhile, responded to Press speculation about a possible bid from Sears with a gain of 10 to 430p...

Electrical features The US/Japan agreement on semiconductor chips directed buying attention to selected technology stocks...

Stockjobbing concern Smith New Court continued firmly. Rothschild stock speculation interest at 10p, up 3 to 170p. Amalgamated Financial Investments rose 3 to 29p...

Oil markets closed 10 weeks on a subdued note. Inverness, a subsidiary of British Petroleum, edged up 3 to 573p, but Shell was unchanged at 800p...

The Australian Government showed scant alteration from its long thin and sensitive trading ahead of the impending Commonwealth conference. President P. W. Botha's refusal to countenance concessions...

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WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities including Metals, Grains, Oils, and Other Commodities. Columns include Commodity, Latest price, Change, and Year ago.

INDICES

REUTERS July 31 July 30th % chg % diff 1460.01450, 31.4449.2, 1694.7

DOV JONES Dow Jones 30 July 25 % chg % diff 1858.58, 187.30, 113.80

COCOA Futures ended a lively afternoon trading session with prices up on the day...

COFFEE Futures ended a lively afternoon trading session with prices up on the day...

CRUDE OIL (LIGHT) Futures ended a lively afternoon trading session with prices up on the day...

WHEAT Futures ended a lively afternoon trading session with prices up on the day...

POTATOES Futures ended a lively afternoon trading session with prices up on the day...

MEAT Futures ended a lively afternoon trading session with prices up on the day...

LIVE CATTLE Futures ended a lively afternoon trading session with prices up on the day...

LIVE PIGS Futures ended a lively afternoon trading session with prices up on the day...

SUGAR Futures ended a lively afternoon trading session with prices up on the day...

FREIGHT FUTURES Futures ended a lively afternoon trading session with prices up on the day...

PHYSICALS Futures ended a lively afternoon trading session with prices up on the day...

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FREIGHT FUTURES Futures ended a lively afternoon trading session with prices up on the day...

PHYSICALS Futures ended a lively afternoon trading session with prices up on the day...

ALUMINIUM

Table showing prices for Unofficial, High/Low, and Official closing for Aluminum.

ZINC

Table showing prices for Unofficial, High/Low, and Official closing for Zinc.

COPPER

Table showing prices for Unofficial, High/Low, and Official closing for Copper.

LEAD

Table showing prices for Unofficial, High/Low, and Official closing for Lead.

NICKEL

Table showing prices for Unofficial, High/Low, and Official closing for Nickel.

SOYABEAN MEAL

Table showing prices for Unofficial, High/Low, and Official closing for Soyabean Meal.

CRUDE OIL

Table showing prices for Unofficial, High/Low, and Official closing for Crude Oil.

WHEAT

Table showing prices for Unofficial, High/Low, and Official closing for Wheat.

POTATOES

Table showing prices for Unofficial, High/Low, and Official closing for Potatoes.

MEAT

Table showing prices for Unofficial, High/Low, and Official closing for Meat.

GRUPE OIL

Table showing prices for Unofficial, High/Low, and Official closing for Grape Oil.

WHEAT

Table showing prices for Unofficial, High/Low, and Official closing for Wheat.

POTATOES

Table showing prices for Unofficial, High/Low, and Official closing for Potatoes.

MEAT

Table showing prices for Unofficial, High/Low, and Official closing for Meat.

LIVE CATTLE

Table showing prices for Unofficial, High/Low, and Official closing for Live Cattle.

CRUDE OIL

Table showing prices for Unofficial, High/Low, and Official closing for Crude Oil.

WHEAT

Table showing prices for Unofficial, High/Low, and Official closing for Wheat.

POTATOES

Table showing prices for Unofficial, High/Low, and Official closing for Potatoes.

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LIVE CATTLE

Table showing prices for Unofficial, High/Low, and Official closing for Live Cattle.



LONDON RECENT ISSUES

Table of recent issues in the equities market, listing various stocks and their prices.

Table of fixed interest stocks, including government and corporate bonds.

Table of rights offers, detailing various company rights issues.

Table of European options exchange, showing call and put options for various stocks.

Table of bank return, showing returns for various banks and financial institutions.

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts, including names, managers, and performance data.

FT UNIT TRUST INFORMATION SERVICE

Table providing detailed information for the FT Unit Trust Information Service, including trust names and details.

UNIT TRUST MANAGERS

Table listing unit trust managers and their respective funds, including contact information.

Handwritten note: 'Self in 1985'

ON THE WEB

AGGARDS

Choose for 1987

AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing financial data for various unit trusts and insurance companies, including columns for company names, fund names, and numerical values.

Handwritten signature or mark at the bottom center of the page.

July 1970

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas fund products with columns for name, details, and prices.

Table listing insurance and overseas fund products, including 'Brown Shiple Fund Mgmt (CI) Ltd' and 'Farnley & Colman Management Ltd'.

Table listing money funds and trust funds, including 'J. Henry Schröder Wagg & Co Ltd' and 'Wardlaw New Money Market Trust Ltd'.

Table listing management services, including 'Alliance Insurance Brokers Ltd' and 'Capital International'.

Table listing insurance and overseas fund products, including 'Frankfurt Trust Investment GmbH' and 'Horseshoe Fund Mgmt (Germany) Ltd'.

Table listing money funds and trust funds, including 'The Charities Deposit Fund' and 'The Money Market Trust Funds'.

Table listing offshore and overseas services, including 'Allied Irish Fund Managers (CI) Ltd' and 'Equity & Law International Fund Mgmt Ltd'.

Table listing insurance and overseas fund products, including 'Global Asset Management Corp.' and 'Korea Growth Trust'.

Table listing money funds and trust funds, including 'Lloyds Bank PLC' and 'M&G International Fund Mgmt Ltd'.

Table listing offshore and overseas services, including 'Equity & Law International Fund Mgmt Ltd' and 'Fidelity International'.

Table listing insurance and overseas fund products, including 'Equity & Law International Fund Mgmt Ltd' and 'Fidelity International'.

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NOTES: Prices are in pence unless otherwise indicated and designed 5 with no pence refer to 10 pence.

TRADITIONAL OPTIONS

Table listing traditional options with columns for name, details, and prices.





Spelling

INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, price change, and other financial metrics.

LEISURE - Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, price change, and other financial metrics.

PROPERTY - Continued

Table of property stocks including companies like British Land, Wimpey, and Taylor Woodrow, with columns for stock price, price change, and other financial metrics.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including companies like British Venture, British Venture Income, and British Venture Growth, with columns for stock price, price change, and other financial metrics.

FINANCE, LAND - Cont.

Table of finance and land stocks including companies like British Bankers' Association, British Finance, and British Land, with columns for stock price, price change, and other financial metrics.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, price change, and other financial metrics.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like News International, Newsprint, and Newsprint, with columns for stock price, price change, and other financial metrics.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Shoe, British Leather, and British Shoe, with columns for stock price, price change, and other financial metrics.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American, Anglo Coal, and Anglo Platinum, with columns for stock price, price change, and other financial metrics.

TEXTILES

Table of textile stocks including companies like British Textiles, British Textiles, and British Textiles, with columns for stock price, price change, and other financial metrics.

INSURANCES

Table of insurance stocks including companies like British Insurance, British Insurance, and British Insurance, with columns for stock price, price change, and other financial metrics.

PROPERTY

Table of property stocks including companies like British Land, Wimpey, and Taylor Woodrow, with columns for stock price, price change, and other financial metrics.

TOBACCO

Table of tobacco stocks including companies like British Tobacco, British Tobacco, and British Tobacco, with columns for stock price, price change, and other financial metrics.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Venture, British Finance, and British Land, with columns for stock price, price change, and other financial metrics.

LEISURE

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, price change, and other financial metrics.

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INVESTMENT TRUSTS - Cont.

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FINANCE, LAND - Cont.

Table of finance and land stocks including companies like British Bankers' Association, British Finance, and British Land, with columns for stock price, price change, and other financial metrics.

Notes and regional stock information including sections for MINEs, REGIONAL & IRISH STOCKS, and Far West Rand.

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# FINANCIAL TIMES

Saturday August 2 1986

AN OUTSTANDING REPUTATION FOR QUALITY  
  
**City Consortium**  
 CONTRACT INTERIOR DESIGN & BUILD 01-407 0213

## US growth sluggish in June

BY STEWART FLEMING IN WASHINGTON

THE US economy continued to display two contrasted aspects in July, when the rapid expansion of the service sector was maintained but the sharp decline in manufacturing industry appeared to deepen, according to employment data published yesterday.

Mr Malcolm Baldrige, the Commerce Secretary, conceded that a modest 0.3 per cent rise in the index of leading indicators for June, also published yesterday, showed that the US economy had not exceeded the sluggish real growth—2 per cent a year—in gross national product reported during the past year.

The civilian jobless rate dropped from 7.1 per cent to 6.9 per cent in June. The rapid growth in the labour force, evident during the past two years, stopped. The number of workers with jobs in the service sector, however, surged by 245,000, after adjustment for

the return to work of strikers. Employment in manufacturing industry declined last month by an estimated 50,000, also after adjustment for strikers returning to their jobs. Dr Janet Norwood, Commissioner of the Bureau of Labour Statistics, said yesterday, that the decline was sharper than normal for a month in which employment usually slackens in response to plants' holiday closures.

The employment report appeared to confirm the judgment of the National Association of Purchasing Managers. Its survey of 250 leading industrial companies suggested that the economy weakened in July with new orders, stock levels and employment all having declined.

Conflicting trends in the economy were underlined by Dr Norwood, who told the Congressional Joint Economic Committee that the proportion of the civilian population with jobs was a record 60.8 per cent last month, in part because a significant number of married women, who usually leave their jobs when schools close, remained at work. The female employment rate fell to 6.1 per cent. The rate for adult men was 6.2 per cent.

Dr Norwood said factory employment—which rose by 1.4m from the end of 1982 to August 1984, as about 63 per cent of the jobs lost in the 1982 recession were recovered—has declined since by 400,000.

The economic news is discouraging for the Reagan Administration and for the Republican Party, which is seeking to keep control of the Senate in mid-term elections in November.

The Democratic Party is trying to exploit the opportunities presented by the continuing huge trade deficits, deteriorating conditions in the farm

## Offshore caterers flex their muscles

By Charles Leadbeater

FALLING oil prices, which have set ministers of the Organisation of Petroleum Exporting Countries at loggerheads in Geneva over the past few days, have also forced a split in another oil industry organisation.

The Caterers Offshore Trade Association flexed its muscles yesterday and expelled a member company which allegedly broke a pay agreement. The source of the association's indignation was Phoenix Caterers, which employs about 300 staff servicing North Sea oil platforms.

French, American and Scottish companies were represented at a closed session in Aberdeen, when the nine member companies agreed to act against Phoenix.

It is claimed the company won a two-year contract worth about £2m on the basis of pay rates well below those adopted by the association.

The issue has provoked a bitter row among the small group of companies that dominate the lucrative North Sea catering and housekeeping industry.

The tacit pay agreement came into force with the encouragement of the oil companies after a strike among catering workers in 1979.

Phoenix denies there was any agreement on pay. It says that none of the 75 staff taken on when it won the contract to provide catering and housekeeping for 400 workers on Occidental's Piper and Claymore platforms were paid below the agreed rate.

This conflicts with a claim by local Transport and General Workers' Union officials that pay cuts of around £2,000 a year were imposed on catering staff. Catering wage rates on offshore platforms start at about £3,500 a year.

The trade association's move was supported by the TGWU, which organises most North Sea catering workers.

Local union official Mr Mel Keenan said: "What we fear now is that catering companies will go into a price war, competing with one another to cut wage rates."

BP, one of the biggest operators in the North Sea, admitted it would be "watching market developments very closely in coming weeks."

The catering association's members attribute Phoenix's alleged pay-cutting tactics to the influence of its new parent company, the Albery, Abela Organisation, a Lebanese catering group.

Phoenix says it has been expelled because it has adapted more quickly than other catering firms to the fall in oil prices.

Mr Bill Lobban, the managing director, said: "We will continue to prosper. With oil prices falling we are the only company to have responded to the changed circumstances. The market is under great pressure and our customers will find our bids very attractive."

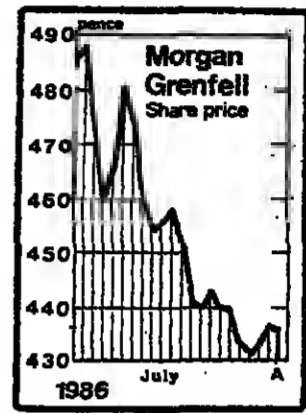
"Caterers have to realise that the oil companies are no longer a bottomless pit."

Opec unlikely to agree quotas accord, Page 2

## THE LEX COLUMN

# Low pressure in the City

Index rose 1.4 to 1273.4



higher risk means higher returns from the successful investments. And a handful of failures in six years is not bad for 350-odd companies.

### British Airways

If British Airways is truly to be floated in the present Parliament—or indeed, at all—then it will have to aim yet again at a St. Valentine's Day take-off. Whether the personal shareholder will have much powder left after the combination of British Gas, Christmas, and the January sales is an open question; just as well that BA is intended to be a more institutional stock than Gas or Telecom.

But the difficulty of making a date with the markets any time before the end of this tax year is getting greater as the trading record comes under increasing strain. Not only has BA suffered from the Tripoli effect—a dearth of US tourist traffic—but it is having to bear the costs of continual safety inspections to jumbo jets that are developing cracks like crazy paving. And if that were not enough, the lucrative business passenger seems to be turning over so marginally against the long trek round Heathrow to make transit connections at Terminal Four; if that aversion were to become entrenched, it could be a revenue nightmare by the time BA writes its prospectus.

These days and yield-hungry investors are often shortsighted. If US banks get the go-ahead to issue perpetual debt counting as primary capital the market could soon be flooded.

The news gave Morgan's shares a brief dip up, though they closed unchanged at 435p. Since the float it appears that the shares have outperformed some others in the sector, but merchant banks have not been the most popular shares in a market now concentrating on the less jolly side of the revolution to come.

### Morgan Grenfell

There seems to be no satisfying the desire for capital among the UK financial groups ahead of the Big Bang. Morgan Grenfell's \$200m perpetual floating rate note issue yesterday, which takes its capital up to perhaps £60m including this year's retained profits, may not even be the bank's last cash-raising deal before the dawn of the brave new world.

After pledging more than £100m to the securities business, the banking side, including corporate finance and the primary underwriting activity, has something over £400m on which to base its large exposures and such like under the Bank of England's rules. The issue adds a great deal of scope for Morgan to run up its balance sheet which is hardly stretched to the limit now. But even if Morgan Grenfell has as much capital as Morgan Stanley, it will not be able to take as large risks.

Nor does this type of primary capital come cheap for a merchant bank. Morgan's cost may be the best obtained by any accepting house, yet for perpetual debt, but the reason for the issue's success yesterday was that spreads of 4 per cent point over Libor at a discount price are rarely seen

### Metal Sciences

The arrival of the receivers at Metal Sciences, which specialises in industrial grills, yesterday may well be the end of a cautionary tale. Perhaps the directors were too optimistic in repeatedly hoping that profits would roll in before the cash ran out. Maybe the rights issue last November was a case of throwing good money after bad. But although it underlines the strains inherent in using a public flotation in venture-funding, it should not be used as an excuse in condemning the USM as a whole.

The opening of the junior market in 1980 was intended to allow the somewhat less well qualified companies to raise equity capital and give investors some sort of market in their shares. It was never meant as a safe home for widows-and-orphan money. And any sensible USM investor will not only be extra diligent in his research but hold at least a handful of stocks, with start-ups like Metal Sciences acknowledged as the most speculative in the portfolio. The hope is that the

### RHM

The market's view of RHM has long been conditioned by July expectations that the 14.6 per cent stake held by S and W Berksford would in due course be handed over to a bidder for the entire company. Berksford's deal with Coodman Fielder—the largest Antipodean food manufacturer—may bear out this presupposition; the market's response, a 30p rise in RHM's share price, is certainly taking the sequel for granted.

## Aquino wins \$500m IMF funding

BY SAMUEL SENOREN IN MANILA

THE PHILIPPINES has reached broad agreement with the International Monetary Fund on a \$500m (£335m) economic package to boost growth over the next 18 months.

Philippine officials, who had pledged to keep foreign borrowings to a minimum, said the funding represented the actual amount the government needed from the IMF for its economic programme.

They had expected the negotiations to be difficult, but they became relatively easy when the IMF agreed with the country's policy of deficit spending to achieve growth this year.

The package was worked out during negotiations in Manila that lasted more than a week.

It consists of \$300m in standby credit and a little over \$200m of compensatory finance facility to help fund a projected deficit in the country's balance of payments.

The IMF agreed to let the Philippines incur a budget deficit in 1986 of 27bn pesos (\$1.3bn), equivalent to 4.4 per cent of the Gross National Product, out of the total budget for the year of 114bn pesos.

It is understood, however, that the deficit would be cut drastically in 1987.

The Philippines, which has a debt burden of more than \$26bn, is believed to be the second heaviest indebted nation—after Mexico—to benefit from a major shift in the IMF's lending policy in favour of growth-oriented programmes.

The Government of President Corason Aquino, which hopes to sign the agreement with the IMF later this month, will now ask commercial lenders to reschedule debts falling due in 1987 and up to 1990—estimated at between \$5bn and \$8bn—as part of the package.

Mrs Aquino, who is due to visit the US next month, said she would appeal directly to bankers in New York to support the Philippines' economic recovery programme.

The agreement may leave the way clear for the Philippines to draw the remaining \$350m of a \$925m loan from commercial banks. This balance was left withdrawn when the previous IMF programme was discontinued in April.

Under the latest programme, the Philippines aims for economic growth of 1.4 per cent in 1986, an inflation rate of between 6 to 8 per cent and a flexible exchange rate.

It is also committed to complete structural reforms in the government financial sector—chiefly the reorganisation of the Philippine National Bank and the Development Bank of the Philippines, and the privatisation of six government-owned commercial banks.

The national government will clear the books of the Philippine National and the Development Bank, which, according to latest official figures, have had loans totaling 142bn pesos (\$6.9bn).

## Deal to swap premierships puts Craxi back in power

BY ALAN FRIEDMAN IN MILAN

ITALY'S government crisis ended yesterday when Mr Bettino Craxi, the Socialist party leader, told President Francesco Cossiga he had formed a government.

The government, which includes a minor reshuffling of the cabinet, will be presented to parliament early next week.

Mr Craxi said last night he hoped for votes of confidence from the Senate and Chamber of Deputies by the end of the week. Once the confidence votes are passed, Mr Craxi and his colleagues in the five-party ruling coalition all plan to go on holiday.

The crisis has been resolved by a compromise between the feuding Socialists and Christian Democrats. Under this, Mr Craxi, who resigned five weeks ago after a parliamentary ambush destroyed his government's majority, will stay on as Prime Minister until March. The deal also requires Mr Craxi's Socialists to pledge their support for a Christian Democrat Prime Minister, probably Mr Giulio Andreotti, until the end of the present parliament in June 1988.

## Prudential becomes UK's third largest estate agent

BY ERIC SHORT

PRUDENTIAL PROPERTY SERVICES, an arm of Prudential Corporation, the insurance group, yesterday took a significant step towards establishing a national chain of estate agents with the acquisition of Reeds Rains, one of the largest privately-owned agencies.

The deal makes Prudential Property the UK's third largest estate agent with 167 offices.

Prudential would not disclose Reeds Rains' profitability, nor the cost of the acquisition, which was partly paid for in cash, with a balance of £2.5m in shares.

Reeds Rains, Prudential's seventh estate agency acquisition since it entered the business in June last year, operates 64 offices in the north. Prudential's previous purchases have covered the south, East Anglia and the Midlands.

Mr Graham Clay, managing director of Prudential Property, said announcements of further acquisitions would be made soon. The firm aims to have 250 outlets by the end of this year, and 500 by the end of next year.

Prudential Corporation, the holding company for the group, earlier this year raised £337m, of which £100m was earmarked for the estate agency operations. Details of the costs of acquisitions are likely to be given to shareholders in the 1986 report and accounts.

The two leading estate agents are Hambro Countrywide, an arm of Hambro plc, with 355 offices, and Black Horse Agencies, owned by Lloyds Bank, with 243 offices. Hambro Countrywide recently announced a major acquisition in the Midlands, while Black Horse has also been expanding its branches.

A growing number of financial institutions are entering estate agency, both as a profit source and to extend their financial services.

## Continued from Page 1

### EEC

256K D-rams, for example, most companies would be obliged to double the price at more than double the current market price. The new prices will operate for three months, at which time new "fair values" will be determined by the US Department of Commerce.

A Ministry for International Trade and Industry official said: "Some Japanese companies will receive no orders for three months. There is a lot of discrepancy. Some have been given competitive prices and others have prices several times higher. The Department of Commerce's calculations seem to be arbitrary."

US industry analysts do not expect a dramatic change in semiconductor prices as a result of the agreement. They do, however, expect a slowing of the downward trend in prices on current products and better prices for new chips, such as one megabit D-rams.

The European Community considers that the agreement represents a cosy arrangement between the world's two largest chip manufacturing nations. The US and Japan control about 90 per cent of the global market, making Europe a relative bystander.

Moreover, it failed to understand how the agreement could be compatible with repeated pleas for, and expressions of

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		FALLS	
Item	Change	Item	Change
Amal Fincl Inv...	29 + 3	Press Tools	136 + 12
Berksford (S & W)	247 + 8	R.H.M.	241 + 30
Bowthorpe	545 + 20	Ransom (Wm)	755 + 25
Burzess Products	243 + 19	Ronntree McKintosh	170 + 13
Conwie (T)	200 + 7	Smith New Court	170 + 5
Eurotherm Int'l	300 + 20	United Biscuits	243 + 5
Forminster	260 + 7	Victoria Carpets	126 + 6
Freemaos	430 + 10	Wiggios Group	153 + 10
G.M. Kalkoorie	370 + 22		
Grand Met	285		
Halma	245 + 13		
Int Sit & Control	245 + 12	Treas 13pc 2000	£1234 - 4
M.L. Holdings	400 + 9	Klearford	60 - 5
N-Swift Inds	150 + 12	Limerfort Kilgour	228 - 13
Parkhead	545 + 20	Lorho	202 - 7
		Lucas 10ds	532 - 5

## WORLDWIDE WEATHER

City	Temp	Wind	Cloud	City	Temp	Wind	Cloud
Alaska	73	84	Corfu	32	90	Luxemb	20
Alexria	78	84	Dublin	13	55	Madrid	31
Amrdm	66	79	Edinb	13	55	Moscow	25
Arhna	33	91	Frankf	24	75	Nairobi	73
Bahra	27	81	Geneva	15	59	Osaka	29
Batavia	27	81	Hong Kong	24	75	Perth	16
Bombay	27	81	London	13	55	Prague	12
Buenos	17	63	Manila	24	75	Rangoon	29
Calcutta	27	81	Paris	13	55	Seoul	29
Canton	27	81	Rome	24	75	Singapore	28
Cebu	27	81	Sydney	17	63	Taipei	29
Colon	27	81	Tokyo	29	84	Tientsin	29
Dacca	27	81	Yokohama	29	84		
Dhaka	27	81					
Hankow	27	81					
Hong Kong	24	75					
Kobe	29	84					
London	13	55					
Lyons	13	55					
Manila	24	75					
Medan	27	81					
Osaka	29	84					
Perth	16	63					
Rangoon	29	84					
Seoul	29	84					
Singapore	28	84					
Taipei	29	84					
Tientsin	29	84					
Tokyo	29	84					
Yokohama	29	84					

## Thatcher Continued from Page 1

Mr Mulrooney before the meeting. Further bilateral meetings are likely with the other leaders from Australia, India, Zambia and Zimbabwe.

A reminder of the concern felt by a minority of Tory MPs and activists on the party's left came yesterday in a statement from the Tory Reform Group, the ginger group which reflects that viewpoint.

It argued that Britain's economic strategic and political interests all required the UK to impose substantial sanctions against South Africa.

The author of the statement was Mr Peter Price, member of the European parliament for London South-east. Although it was endorsed by the group's executive committee, many of its younger party activists, the statement was neither seen nor approved by the group's apparatus, which include five Cabinet members.

Mr Peter Walker, the Energy Secretary and president of the group, quickly made it known that he had not been involved in the issue of the statement.

He said the Government could not take unilateral actions and it was "therefore correct to negotiate with our allies around the world concerted and sensible measures."

"It must be right for the Prime Minister and Sir Geoffrey Howe to see that the actions that Europe is willing to take are also taken by the US, the Commonwealth and Japan. If any one of those groupings fails to take the actions, then the effectiveness of them would be worthless."

## Continued from Page 1

### US sanctions closer

The broadening of the financial rand market will not directly affect the balance of payments, since the investment currency is confined to a fixed pool determined largely by purchases and sales of shares on the Johannesburg stock exchange.

The new rules are expected to allow the financial rand to be used for the full purchase price of office blocks, hotels and other "productive" investments. Only 50 per cent of the purchase price of private homes and flats will be permitted at the favourable financial rand rate.

Farmers have complained that concessions in foreign exchange

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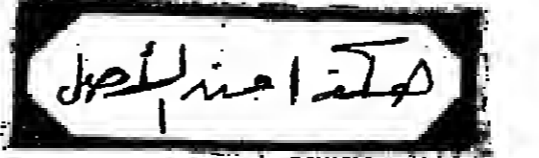
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Self in 1985

MARKETS

A case of correction

FOUR WEEKS ago, the Dow Jones Industrial Average had just touched an all-time high of 1909.03, the market was in a confident mood, and most of Wall Street's money managers were predicting it would soon top 2000.

after their recent sharp declines. News of next week's \$28bn US Treasury refunding and a \$14.1bn trade deficit in June did not harm the rally in the credit markets, although they did not go unnoticed overseas where the dollar has been hitting fresh lows this week.

Wall Street

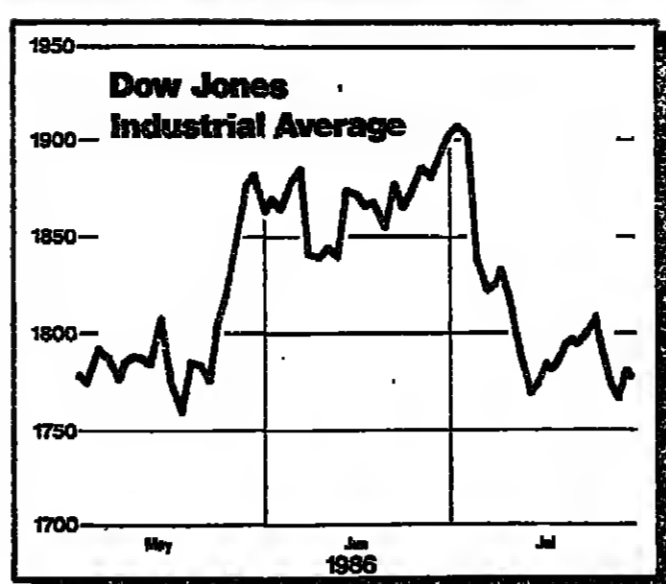
Y154, its lowest level ever against the Japanese currency. A year ago the dollar was trading at DM 2.55 and Y298 and foreign exchange traders are betting that the dollar will test fresh lows, since the US Government is showing little inclination to arrest the decline.

flexibility (to respond to the sluggish economy), says Michael Metz, a stock market analyst with Oppenheimer and Co. who believes there could be upward pressure on US interest rates as a result.

Metz says the direction of the stock market has changed: "It is no longer unambiguously upward and I think at best we have a long period of digestion and a fair chance that the market will have another move downwards before it stabilises."

Yesterday's stronger-than-expected rise in the US index of leading economic indicators for June, and the 0.2 per cent drop in the unemployment rate to 6.9 per cent in July, showed that the economy might be showing signs of strength just when the analysts appeared to have given up hope.

The second-quarter earnings reports from the US corporate sector were disappointing and analysts are becoming increasingly sceptical over whether there is going to be any increase in overall profits this year — which means the market could have difficulty sustaining its current multiple of more than 16 times the 1985 earnings of the Standard and Poor's 500 index.



Industrial America. Bethlehem Steel, one of the biggest in the sector, posted a \$23.8m second-quarter loss and passed its preferred dividends. The company blamed the recent bankruptcy filing of LTV, the second-biggest steel-maker, for causing "some great concern and considerable uncertainty" within the industry, and indicated that it was going to do everything possible to avoid following LTV into bankruptcy proceedings.

biggest steel-maker, is continuing to unsettle investors. USX, which along with Bethlehem is a constituent of the Dow Jones Industrial Average, saw its shares fall by 2 to \$15 1/2 early yesterday morning.

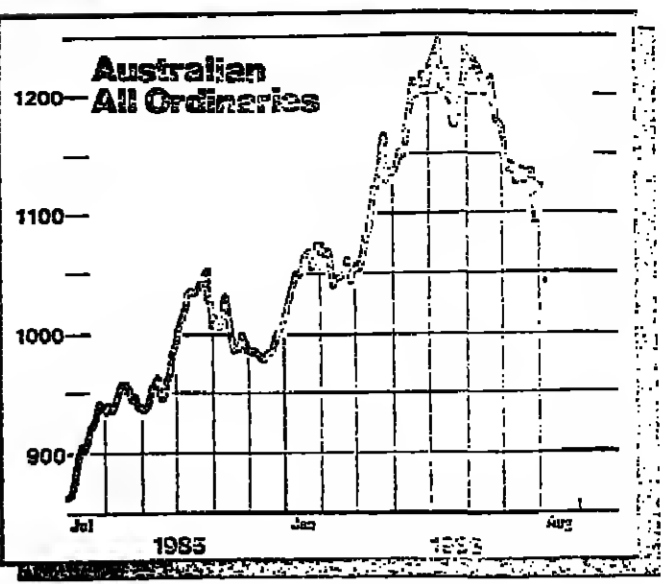
William Hall

Waiting for the Budget

A CLASSIC example of the Sydney stock market's resilience occurred again this week. The latest ploy by the ubiquitous Robert Holmes & Court in the tussle for control of BHP turned interest back onto Australia's biggest company and held to lift the all-ordinaries index from what had looked to be developing into something of a nosedive.

At yesterday's close it was 30 points up on the week although the figure of 1124.5 was 4 per cent below the level of a month ago and represents a 10 per cent fall in the past two months.

Suddenly, however, the talk is not so much of the Federal Budget on August 19 as of who will win control of BHP — a stock that dominates the Australian market — and what sort of profits can come from backing the winner.



In turn, they would be expected to turn their profits back into the market and create another burst of takeover activity. So, the rest of the investment community gets busy trying to pick, and get set in, those stocks likely to be next on the shopping list.

Now, while the majority see that an orderly market could have a severe impact on Australian investment, the market is still in a state of flux. The market is still in a state of flux. The market is still in a state of flux.

Real gold beats the black stuff

REMEMBER the good old days — seven months ago? They were when we welcomed — well, some of us did — the fall in oil prices to around \$26 a barrel as a flip to world industrial activity. Another reason, it seemed, why the UK industrial equity boom should continue on its merry way.

Rhine, perhaps, using Deutsche Marks which could be bought at DM 3.52 to the pound? Or, maybe, Spain — again to please the children, especially at Pta 228 to the pound. Dad, always thinking of his food, favoured France at FFR 10.84 to the pound.

US dollar, which also is weak. Currencies are rather like those shooting gallery ping-pong balls which are supported (I've never understood how) on thin jets of water and constantly bob up and down against each other.

Mining

A pity nobody thought of buying gold at the time for \$227, or \$327, an ounce. It now fetches about £243, or \$361. But some of the shine has gone of the Rhine with Deutsche Marks at only DM 3.10 to the pound, a cut of 12 per cent in holiday money. Pesetas at Pta 201 make Spanish ice cream dearer while French francs at FFR 10.09 mean less of the menu gastronomique for dad.

earnings are expected in September from RTZ in view of the lower energy prices and continued weakness in base metals, although some earlier estimates have been revised upwards. It is thought that the Australian arm, CRA, might soon take the final step to "Australianisation".

That view could also apply to Amax, the US mining and metals group which now is struggling back to profitability after past horrendous losses. This week it has reported second-quarter earnings of \$8m (£5.4m) to make a half-year total of \$61.4m (albeit with the help of a gain of \$80m from excess pension assets) compared with a loss of \$40.2m in the first half of last year.

One ambition of Amax is to build up its gold interests in order to become a major world producer of the metal within a decade. Others have similar thoughts in mind. One wonders if eventually too much gold will be produced; the mining industry has fallen into this trap with other products in the past. Still, that day has not come

yet and, as Moley was anticipating last week, the gold price is now moving forward against the background of disarray in many currencies and economies.

of labour and government provision, international trade from the UK has a number of the Australian share market.

Sydney

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Advertisement for Robert Horne Group plc, Europe's largest Independent Paper Merchant, announcing full listing and interim results for the 6 months to 31st March 1983. It lists record profits before taxation of £4,422,000 and record turnover of £62,483,000.



# Value of your pension

Eric Short spells out the detailed information to which all members of company pensions will be entitled from November.



ON NOVEMBER 1 this year, employees who are members of a company pension scheme will be entitled to ask, not more frequently than once every 12 months, for a statement of their benefit entitlements under that scheme.

To meet this legal requirement, it is expected that most pension schemes will issue such benefit statements annually to all members, if only to avoid the administrative work of dealing with requests at various times during the year.

The Government, for once, has listened to the arguments of the pensions industry and has not imposed a standard format for these statements. Instead, it is leaving employers and trustees to decide with employees what information to present and the form in which it is to be presented.

This gives employers the opportunity to promote the pension scheme, and all other benefit schemes, to their employees — a promotion that many feel will be necessary if company pension schemes are to survive against the new competition from personal pensions.

For most employees, the company pension scheme, together with other employment benefits, forms the centrepiece of their personal finances. An annual benefit statement will show them how they and their dependants would fare financially under various circumstances — sickness, death, retirement — so that they can identify gaps in coverage and make personal arrangements to fill those gaps.

So what information should the statement include? One central theme should be not just to show what the company provides, but to set out the total benefits — company and State combined — that will be received.

Thus the statement could deal with each of the following items:

**Sickness:** Most pension schemes have provision for ill-health retirement, often on a discretionary basis. This benefit, if quantifiable, should be shown here. However, the statement could set out the employer's policy on sick pay, together with details of any personal accident insurance provision provided.

If the company operates a group permanent health insurance scheme, then the benefits from this scheme should be included on the statement. Although it is difficult to set out State sickness benefits, a statement given in respect of goods it may have a claim against the goods.

ment of basic payments could be included. This section would enable the employee to identify whether he or she would have enough money to cope with short- and long-term sickness.

**Retirement:** Employees want to see how much pension they will get at retirement. The statement should not endeavour to forecast final earnings on the style of a life company projection. The most meaningful figure would be the pension benefits on current earnings in two forms — the full pension and the alternative lump sum and reduced pension.

Such a figure will give employees an idea of real value of the pension, accepting that it does not include any allowance for promotional increases or that earnings growth over the rest of the employee's working life may fail to match inflation.

Then the statement should show the basic State pension (assuming the company scheme is contracted out) and the combined figure — State plus company — which shows the total remuneration, at today's values, an employee would receive.

Finally, the value of Additional Voluntary Contribution arrangements could be included. There is, however, some problem with this.

Most AVC schemes operate on a money purchase system. Thus the current accumulated value is known precisely, but it is not possible to project with any precision the final figure or what pension this would produce. It will need a certain amount of discussion and consideration by all parties to decide on how to present the

information. Any party to a joint, partnership, executors' or trustees' account may stop a cheque, regardless of whether any other party or all the parties signed the cheque. However, the authority to remove a stop can only be given by all the parties to the account, irrespective of the mandate.

A cheque is a legally binding promise to pay a sum of money. If you stop payment without justification the payee can sue you for the sum involved. He may also have a claim against you for breach of contract.

You cannot, of course, stop a cheque which has been issued against your cheque guarantee card.

should show the spouse's pension, plus any lump sum benefits, such as the balance, if any, of the guaranteed first five years' pension payments.

**Contributions:** The concern of many employees, however, is not what the benefits might be, but the amount of the deductions from their earnings. The statement could show both National Insurance contributions and contributions to the company scheme — the latter net of tax. This would help employees to ascertain whether they had cash to spare for some form of private savings.

Employers should take the opportunity to show their employees the extent of their contributions to the pension scheme. But this needs to be done with care. A statement that the employer is contributing x per cent of payroll will cause nothing but trouble if the employee leaves service before retirement, since he will think that the employer has contributed x per cent on his particular account.

A statement of the total payments into the scheme in the previous financial year would indicate to employees the commitment of their employer. There would be a tax-free lump sum — allocated at the discretion of the trustees — and, according to circumstances, spouses' and dependants' pension. In addition, the statement should show State widows' and dependants' benefits.

The statement could remind employees of the trustees' discretion on the payment of the lump sum — an important point where there are tangled marital circumstances — and include a form on which the employee could state his wishes in respect of who should benefit from that payment.

**Death in Retirement:** This section would show an employee whether he or she needed to boost prospective pension levels with an AVC arrangement.

**Death in Service:** This would show the financial position if an employee were to die tomorrow. There would be a tax-free lump sum — allocated at the discretion of the trustees — and, according to circumstances, spouses' and dependants' pension. In addition, the statement should show State widows' and dependants' benefits.

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# Baby Bonds tie up the taxman



Mr Peter Gray: His case was vindicated

PARENTS, grandparents, godparents and other relatives who took out Baby Bonds with the Fynbridge Wells Equitable Friendly Society up to March of this year can now rest easy.

The Inland Revenue has informed Peter Gray, chief executive of the society, that these bonds are qualifying and will remain so when the options are exercised, thus reversing its previous ruling. Peter Gray has been vindicated in his arguments with the Revenue that the bonds conform to legal requirements.

However, this move represents only a minor victory for the Society. Investors will not see a return of these old-style highly tax-efficient Baby Bonds written in the tax-exempt fund of the Society. Mr Gray has failed to reverse the Revenue's decision that mass marketing of baby bonds, or any other ood product in the tax-exempt fund, is illegal.

The ruling that business from new products must not exceed

10 per cent of the tax-exempt fund still stands despite all Mr Gray's eloquence.

Investors interested in making gifts to children have to use the new-style Baby Bond written in the taxable part of the fund. Sales of this bond are going well — over 4,000 in a few months.

The other society to fall foul of the Revenue is the Oldham-based Time Assurance. Because of its marketing back in 1966, Time Assurance lost its tax-exempt status, a feature that was not realised by the society until recently, having sold some 1,000 tax-exempt policies, including Baby Bonds, between July 1955 and March 1966.

However, the Revenue is allowing these policies to stand providing they are left unchanged in a special separate fund. Time's chief executive David Cox confirmed that the tax-exempt business was a small part of the overall funds and the Society would continue as normal marketing taxable business. He has no intention of converting Time Assurance into a life company.

This situation is far from satisfactory. Friendly Societies do not know whether they are coming or going. Peter Gray claimed that the time has come for a review.

Indeed, a steering committee drawn from members of the

friendly society movement has been considering the whole position. It hopes to produce a document in the autumn setting out how it sees friendly societies developing in the future and what changes in legislation would be needed.

E. S

# It's all change for unit trusts

BIG CHANGES in the regulations surrounding unit trusts are expected to be announced on Wednesday next week. The long-awaited report on the unit trust industry by the Department of Trade and Industry is believed to include some radical proposals, including a change of the pricing basis currently used and approval for a whole new range of unit trusts to be made available.

The Financial Services White Paper foreboded the liberalisation of unit trust operations and the Bill states that rules would be drawn up in the operation of unit trusts incorporating the EEC directive on Collective Investments. The DTI has now prepared these draft rules.

The most important change affecting unit holders is a proposed complete revision of the unit pricing structure. At present there are separate offer (at which you buy) and bid (at which you sell) prices calculated in accordance with a laid-down formula. The spread between these prices averages around 6.5 per cent but can be as high as 13 per cent.

This is expected to be changed to a single unit price, based on middle market values of the underlying securities with buying and selling margins on the single price. This change will avoid sudden movements in prices from managers changing the pricing structure and will reflect movements in values of the underlying securities. Mana-

gers presumably will be able to change their margins, but must publish the current margin values.

The DTI is also expected to propose allowing new kinds of authorised unit trusts, extending considerably the restricted range of funds currently permitted to operate onshore and including many funds currently forced to go offshore. These will include:

- Cash funds investing in a wide range of money market instruments.
- Currency funds investing in overseas money markets.
- Property funds investing in prime commercial properties and associated property investments, with a minimum 15 per cent liquidity. (However, it will

not be allowed into proper development or to invest in residential property.)

● Commodity funds investing directly into futures, option and commodities themselves with a minimum liquidity level

● Financial futures funds, ensuring a wide spread of holdings

● Mixed funds of equities, properties and fixed interest holdings — an expansion of the fund of funds concept — paving the way for personal pensions.

Greater flexibility will also be allowed on the charging structure of trusts. Rules will be made on the form of management charges making various new permutations available.

E. S

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FINANCE & THE FAMILY

Protecting a bride

My daughter is shortly to be married and, being very naïve, is concerned to protect her financial position...

or will be appointed on his behalf. Unless some initiative is taken the monies will therefore remain with my solicitor...

maintains, verbally, that he has not such responsibility at all and this attitude has angered many residents...

Losses on BES deal

I invested £6,000 in a private company in 1982 and claimed and received tax rebate under the business expansion scheme.

It looks certain that the company will go into liquidation shortly with a total loss of my investment and the guarantee.

The law's delays

My solicitor received £2,000, 5 months ago and still has not paid it to me. The individual who sent this payment was a company director...

Ground rent diverted

I am Chairman of a residents' committee charged with the maintenance of new luxury flats. I have advertised on long leasehold...



Would the Inland Revenue have any recourse to the charities for the £20,000 debt? Depending on how long after the gift the Revenue sought to enforce...

If there's a will...

I have been told that when solicitors, who are also sole executors in a will, delay by months the closing of the estate, there is very little that the beneficiaries can do to finalise the estate.

It is correct that there is little that can be done to remedy a delay of the order which you indicate, as it would take some time to get a hearing in court of any proceedings which might be appropriate.

Charity and the taxman

I am contemplating giving to a registered charity my substantial holding of a unit trust which was bought some years ago at a fifth of its present value.

Fraudulent transfer

I have approximately £100,000 in marketable securities and I owe £30,000 in capital gains tax, payable in late 1987.

When you just want facts

Kevin Goldstein-Jackson concludes his series of Investor's Tales with some advice on how the private shareholder can keep abreast of developments on the stock market.

CITY institutions have analysts, chartrists, and all sorts of researchers helping them to decide which shares to buy and sell.

When a company announces its financial results this can often have an immediate effect on its share price. To discover this information quickly and easily, the best way is to look at the BBC's Ceefax and ITV's Oracle teletext services...



Some fall dramatically and it is well worth double-checking some of the 'tips'.

The Stock Exchange Year Book is in most public reference libraries and this gives basic financial and other details of UK public quoted companies.

Engineering at 17p per share was made on the basis of information contained in its Extel card, low capitalisation, large shareholding...

It is also possible to inspect copies of the annual returns and shareholders' registers of companies of the Companies Registration Office, Companies House, City Road, London, EC1.

Tax on gifts goes full circle

THE NEW inheritance tax, which radically changes the way death duties are charged and assessed, officially became law on July 25 when the Finance Bill went through Parliament.

The abolition of taxation on lifetime transfers of wealth means that the tax on gifts has gone full circle reverting to the situation before 1974.

an interest was "carved out" before the gift was made then the gifts with reservation rules could be avoided in respect of the whole property.

But the Munro decision was made before the Ramsay and Furniss versus Dawson rulings which challenged the underlying basis of all tax avoidance schemes.

The Inland Revenue recently confirmed that the existing practice of not charging capital transfer tax on death benefits payable from tax-approved occupational pension and retirement annuity schemes under discretionary trusts, will also apply to the new inheritance tax.

Barry Stillerman is the author of a new Stoy Hayward book, published by Kogan Page, Inheritance Tax - A Practical Guide (£8.35).

Table with 4 columns: Chargeable estate, Amount of inheritance tax, Rate on excess, On excess. Rows show tax brackets from 71,000 to 377,000.

Insure against those big bills

INHERITANCE TAX, under the new legislation, becomes payable once the value of the estate transferred on death exceeds a certain threshold figure (£71,000 in the 1986-87 tax year).

You can freeze the value of the funds passing into the form of annual income. The growth in the funds will accrue to your beneficiaries outside your estate.

But the new legislation greatly restricts your freedom to do this any longer. You can give away your assets, but this may not be practical or convenient, and you can't guarantee that you will live for the seven years needed to make the gifts tax free.

John Edwards

plan Inheritance Protector, the policy is written in a trust to ensure that the proceeds are not liable to inheritance tax.

You make a single payment, which is invested in Equity and Law unit trusts (with an initial charge of 5 per cent and an annual fee of 0.75 per cent) and the profits used to fund the cost of life cover required to meet the potential inheritance tax liability.

The danger is that if value of the units falls substantially as a result of a poor investment performance, you face the choice of either paying an additional contribution or allowing the value of the units to reduce to zero and allowing the plan to lapse.

John Edwards

Week End Business

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THE FINANCIAL TIMES is proposing to publish a Survey on FRANCHISING on Saturday, October 4, 1986. The editorial will cover major aspects, including: Corporate growth through franchising; Sources of finance; Becoming a franchisee; Case studies; Role of the BFA.

Mr Fixit... at your service

THEY call him Mr Fixit the camp site before I make any arrangements for the man to be driven home. Although the Boulogne centre covers 30 countries in Western Europe, more than 90 per cent of the emergency calls come from France—the main entry point for British motorists to the Continent.

Mr Gregson, head of the Automobile Association's Continental emergency service, has seen it all over the years. He, and his staff, who man the telephones 24 hours a day, are prepared for anything from arranging an air ambulance home for someone who might die, to tracking down a teddy bear lost in a motorway service centre between Boulogne and Paris.

The staff all speak at least English and French, so that they can answer inquiries from British motorists, then contact local garages, doctors or hospitals. Experience counts for a lot. Did you know, for example, that the clutch cable on a right-hand drive car may be a different length to one on a left-hand drive?



Maurice Gregson prepared for anything

language barrier, the cost of medical attention, and the difficulties of getting back across the Channel also have to be considered. Last year more than 600,000 people were covered by the AA's 5-Star overseas motoring insurance service, but many motorists still travel abroad without any special coverage in spite of the heavy additional risks involved.

if you get into some other kind of trouble when travelling abroad. That is where the emergency cover comes in.

Charges are roughly comparable for both organisations, with minor variations according to the type of policy taken out. Like all insurance it might seem a waste of money if your motor holiday proves trouble-free; but the knowledge that you are covered is worth something in itself.

J.E.

Just in time

TRAVEL · MOTORING ·

# Escape hatch for the world-weary

THE SUN begins to burn through the dense morning mist. Their colours growing more brilliant as the sky lightens, the twin lakes—one pale emerald, the other dark aquamarine—of the seven cities shimmer in the crater of a vast, extinct volcano.

The steep slopes that descend to the lakeside are covered in Japanese cedars, heather and hydrangeas. One legend claims that the lakes sprang from the tears of a shepherd and his beloved princess, forbidden by her father to marry beneath her station.

The other tale claims that a mythical king, who was childless, had a vision. In it, he was promised a daughter, if he vowed not to look at her until she was 30.

The daughter was born. To spare himself the temptation of seeing his child too soon, the king built seven walled cities around the princess. But paternal longing overwhelmed him: the king entered the seven cities and saw his daughter. The earth shook violently, and a tidal wave buried the cities. All that was left was two lakes—the blue one the bonnet of the princess, the green, smaller one, her shoes.

The lakes and legends were not born from some Nordic or Celtic myth but from the volcanic history of the Azores, nine small Portuguese islands lying in the Atlantic 900 miles west of Lisbon and just over 2,000 miles east of the United States.

The widely-scattered group of islands covers an area of nearly 100 square miles. They are bathed by the Gulf Stream which ensures year-round moderate temperatures, but though it neither freezes nor boils, the climate of the Azores is so softly damp as to be soporific, making the archipelago a great place for total rest and relaxation—early nights and balmy days, but not the sort of islands you would go to for an ostentatious sun tan.

For ramblers and lovers of unspoilt scenery, bird watchers and amateur botanists, for people content to sit and stare at the changing colours of the ocean or the tricks of shifting light on a soaring mountainside, for the world-weary and noisumbled, the Azores are one of the few remaining undiscovered havens within reasonable flying time from European capitals.

Unless you are a Portuguese emigrant using charter flights from Boston or Toronto in summer to visit Azorean relatives, the only way to try to the Azores is via Lisbon on TAP/Air Portugal. There is a



How visitors see the Azores: an island family and rural landscape on Sao Miguel

## Diana Smith visits the Azores where the Duke of York took his Duchess on their honeymoon.

daily non-stop evening flight lasting two hours from Lisbon to Ponta Delgada, capital of Sao Miguel, the largest and one of the most spectacular islands. On Mondays, a mid-morning flight goes non-stop to Ponta Delgada. On Thursdays, TAP flies non-stop to Horta, capital of the beautiful westerly island of Faial, a popular haunt of transatlantic yachtsmen and sports fishermen who catch marlin, sailfish and tuna in richly-stocked Azorean waters. The Lisbon-Horta flight lasts three and a half hours.

Shy about their assets—awesome scenery, lush vegetation, a menu of unusual fish like Rocaz which looks and tastes like lobster but costs a twentieth of the price, cheerful and almost overwhelming friendly people, and placid colonial architecture with unique grey-black basalt adornments on ubiquitous whitewash—the Azores have barely promoted themselves as bosts for today's travellers.

Most tourists are native sons or descendants of native sons, occupying every inch of available accommodation in high summer on their brief visits



home to show off the wealth they have acquired in the US, Canada or Brazil. Or they are mainland Portuguese, lured by the colourful Santo Espirito festivities in early May in Sao Miguel Island where the streets are carpeted in white, pink, scarlet and purple azulejo blooms.

From early April, Sao Miguel is one long flower show. Azazens grow wild on the slopes and at the edge of pastures, or are trimmed into giant bushes in parks and gardens like the grounds of the Hotel Terra Nostra in the spa town of Furnas to the east of Sao Miguel.

Here giant ferns, azaleas, redwood and arbutus cluster around a naturally-hot pool fed by iron-rich water from an underground source.

The bedrooms have individual

heaters, the public rooms log fires burning in basalt fireplaces—bedges against damp Sao Miguel nights. Since Ponta Delgada goes silent about 10 pm, rooms on the front overlooking the port and main roadside road are no threat to deep, damp-induced sleep.

Nightlife in Ponta Delgada is as many light years from swinging Bendonora as Falmouth, Massachusetts is from Tijuana, Mexico. There are several small, friendly restaurants specialising in local fish, while wine drinkers would do well to order mainland Portuguese wines, either red or white, whose quality is finer than the local efforts. There is little to do after dinner but stroll around a house-proud city that is cleaner, dreamier and more hospitable than Lisbon.

In daytime, leisurely drives or strolls in the hills and around lakes, where the eye is caught by a sudden, surging volcanic cone, a rolling expanse of green where ubiquitous Holstein cows munch placidly on rich pastureland, sharing space with the horses dairy farmers use to carry milk to market, or by sheer cliffs sweeping down to the sea. The visitor to Sao Miguel forget the existence of the word "stress."

The smaller, sparsely populated islands, some hardly bigger than outside rocks, beg to be visited by travellers seeking quiet and a sense of timelessness. They include Pico (a half-hour ferry ride from Faial), Flores, Graciosa, Sao Jorge (which produces a variety of cheeses), and Corvo (reached by boat or local flights on SATA from the larger islands of Sao Miguel, Santa Maria or Terceira).

If the traveller has limited time, he or she is best advised not to try the Azores in January or February when high winds may make it impossible for planes to land or take off for several days. But in spring or autumn the islands said to be the tip of the lost continent of Atlantis are a tired traveller's haven.

TRAVEL DETAILS: A number of tour operators arrange packages to the Azores, including Caravelle, with prices from £268 for eight nights (telephone 01-630 3223); Sautours, from £558 for seven nights (0933 789889); Sovereign Holidays, from £338 for seven nights (01-887 4251); and Abroad Travel, from £268 for seven nights (01-228 9605).

There are daily flights from the UK via Lisbon, and two flights per week from Funchal in Madeira, to Ponta Delgada and Terceira. TAP Air Portugal (01-428 2692) runs all the international flights, with Sunair-Sunair fares starting at £295 return.

For further information contact the Portuguese National Tourist Office, 35 New Bond Street, London W1Y 0NP (01-493 3873).

A NISSAN Micra SGL automatic is the last car anyone would buy to impress the neighbours, sample the thrills of high-speed motoring, or tour the Continent crammed with children and camping gear.

However, if the need is for a compact, parkable and easy-to-drive runabout, it is difficult to improve upon. Anyone who thinks a car is a consumer durable—a mobile counterpart to domestic essentials like washing machines and tumble-driers—would find a Micra ideal.

Having used an SGL automatic on and off for a year, in which it has covered a little over 6,000 miles, I can accept the Motoring Which? view that it is the most reliable supermini on the market. Nothing at all has gone wrong.

It has been used quite hard, not for long motorway trips or dashing up and down mountains but on a daily slog of a mile here, a mile there, and back home again. That kind of work is harder on a car than steady running on main roads with the engine nicely warmed up.

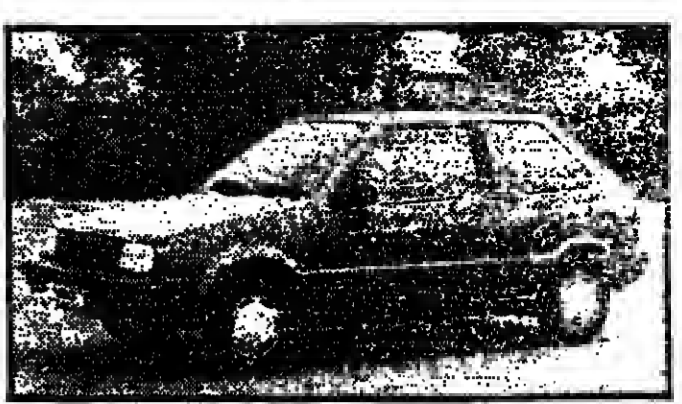
For the whole year, it has had no attention except for an oil change. It stood out all through last winter's bitter cold and never once failed to start first flick of the key. Within half a mile, the heater was blasting out warm air.

This summer, the powerful flow from the face-level vents has been appreciated. Why is it that the cheapest Japanese cars often have better heating/ventilation systems than European cars costing twice or even three times as much?

Fuel consumption—not, perhaps, a matter of critical importance when you drive only 500 miles a month—has been reasonable. At best, it achieved 42 mpg on a return journey to Torquay; at worst, 28 mpg in February when it rarely went more than 10 minutes' drive away from home and I doubt if the engine ever achieved working temperature. The whole-year average has been 36 mpg.

A manual transmission Micra does much better than this. A friend complained recently that his Micra, now two years old, needed tuning because it was doing only 48 mpg. The official figures infer a fuel consumption penalty of 12 per cent for the automatic, which has a fairly old-fashioned three-speed transmission without a mechanical lock-up.

I think the economy loss is worth it, although it depends on how the car is to be used. My wife, like me, swears by the automatic for its ease of driving in crowded, hilly shopping streets. I always try to take the Micra in preference to a larger, manual gearbox car if I know parking could be a problem or if I expect to be caught up in a stop-start rush-hour crawl.



Nissan's Micra... hard to improve upon

## Micra: small but perfectly formed

It is a small car, less than 12ft 6ins long but wide enough at 5ft 11ins not to make fully-sized people feel cramped. So, it feels more like a medium-sized car to drive until you turn round and see the closeness of the tailgate window.

With a bit of give-and-take on the part of those up front, the rear seat (easy to reach because the single door is very wide and the near-side seat slides forward as it folds) is comfortable for two adults. Legroom is adequate; the upholstery is quite plump and the cloth trim pleasing.

Lowering the split backrests of the rear seat converts the Micra into a good load-carrier and big things are easily humped over the low sill. The tailgate with wash/wipe is operated by a finger lever by the driver's seat.

The SGL model, which is the best-equipped Micra, has a three-band stereo radio/tape player that performs well and can still be enjoyed at motorway cruising speeds. Everything on the car works as it should. The two-speed and intermittent screen-wipers have good screen-wash jets, the lights are powerful, the speedometer dead accurate, and the instruments well placed and well lit.

The aerial pushes down into the windscreen pillar to protect it from vandals and car wash brushes, the petrol filler cap behind a locking flap is easy to take off and put on (not all of them are), and both exterior mirrors are internally adjustable. The steering is quite light, with a good lock for parking.

On the debit side the Micra's ride can feel knobby, especially in the back seats on poor roads, and the tyres rumble loudly on coarse surfaces. At cruising speed the engine is quiet, but

you become aware of it when the transmission changes down into middle gear, especially if you are climbing a hill with foot hard down.

At a list price of £5,749, the Micra SGL automatic has few rivals. The veteran Mini Mayfair automatic (£4,884) cannot compete on spare comfort (it carries a capacity 1.3), the three-door, two-pedal Metro is £5,000. It has a bumper 1.3-litre engine and a four-speed transmission which can be rather jerky, but its reliability record is patchy.

All Nissan cars have a three-year/100,000-mile warranty and need a full service at 18,000-mile intervals, with an oil and spark plug change in between. To people who buy consumer durable cars like the Micra, nothing matters more than reliability. I am persuaded that the Micra's fault-free performance for a year is no fluke.

Nissan's cherry had in its family for three years require no more than servicing and small length of exhaust pipe.

An interesting newcomer and a potential Micra alternative is the Peugeot 205 automatic. This five-door has a 1.6-litre engine, a ZF four-speed transmission as used in the Peugeot 204, and as good a ride as any in the supermini class. However, at £6,945 it is almost £1,200 dearer than the Micra three-door.

I have a hunch, backed by some evidence from correspondence with readers, that small cars with automatic transmission, power steering, air even air-conditioning will attract a lot of not very price sensitive buyers. Must European car-makers wait for the Japaese to do it first?

Stuart Marsha

# The FT's property pages... where Englishmen sell their castles.

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don't. You would also think that Country Life reaches more of the right people than the Weekend FT. But you'd be wrong. Almost twice as many high earners read the FT than read Country Life. With knowledgeable editorials on the property market, and high quality reproduction of black and white photographs, plus the option of spot colour... the property pages are now the hunting ground of affluent Englishmen looking for new homes.

For more information, contact Francis Phillips on 01-248 8000 ext: 3252

## No FT...no new king of the castle.

Source: (1) ABC Oct '85-March '86 (2) Readers per copy from ABC/NRS Jan-Dec '85 (3) 224,000 Country Life AB Adults NRS Jan-Dec '85 401,000 Financial Times AB Adults NRS Jan-Dec '85

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 AND IN THE MATTER OF  
 THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated 14th July 1986 confirming the cancellation of the Share Premium Account of £49,601,208.75 of the above-named Company was registered by the Registrar of Companies on the 23rd July 1986.

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### Company Notices

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One of the oldest training establishments with Royal connections in the headquarters of racing, with development potential.  
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Apply: 14 Carzon Street, London W1Y 7EL. Tel. 01-499 6291. 168 High Street, Newmarket CB8 9AJ. Tel. (0638) 62231.

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Le Bon Sauveur Convent, Holyhead. A fine imposing former convent school built of local stone.  
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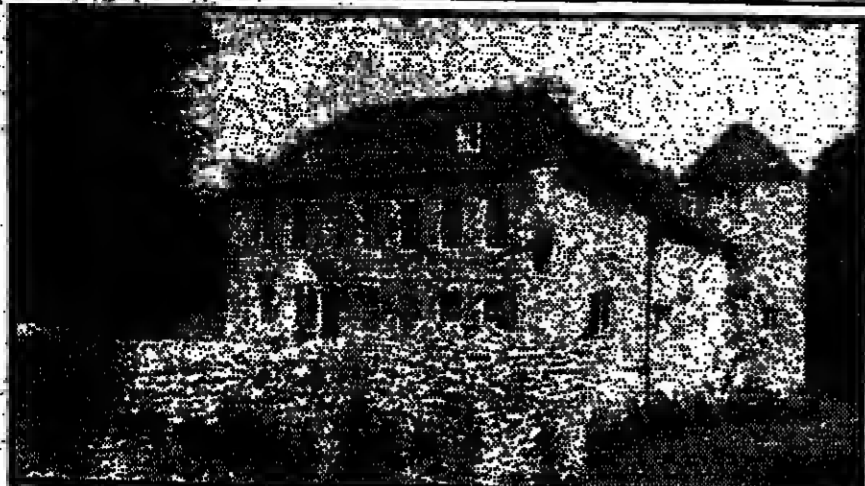
**Staffordshire**  
A unique opportunity exists to acquire an outstanding rare and most desirable small country estate of 23 acres (20 acres good grazing) set in beautiful rolling countryside amidst superb rural views.  
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Duck flying pond and rough shooting.  
The property is 200 yards from the public road and served by a tarmac drive and situated 8 miles north of Lichfield in useful commuting distance from the East and West Midlands.  
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Owner seeks 9 investors to syndicate substantial Highland estate at a cost of £48,000 each (70% mortgages available).  
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For further details please write to Box T6354, Financial Times, 10 Cannon Street, London EC4P 4BY.

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Haldens 7 miles. 122/925 acres 9 miles. London 30 miles.  
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Joint Sole Agents: Perry & Co., London Office, Tel. 01-234 6081, and Humberts London Office, Tel. 0275 478232, or Humberts London Office, Tel. 01-423 8206. 109/110/111/112/113/114/115/116/117/118/119/120/121/122/123/124/125/126/127/128/129/130/131/132/133/134/135/136/137/138/139/140/141/142/143/144/145/146/147/148/149/150/151/152/153/154/155/156/157/158/159/160/161/162/163/164/165/166/167/168/169/170/171/172/173/174/175/176/177/178/179/180/181/182/183/184/185/186/187/188/189/190/191/192/193/194/195/196/197/198/199/200/201/202/203/204/205/206/207/208/209/210/211/212/213/214/215/216/217/218/219/220/221/222/223/224/225/226/227/228/229/230/231/232/233/234/235/236/237/238/239/240/241/242/243/244/245/246/247/248/249/250/251/252/253/254/255/256/257/258/259/260/261/262/263/264/265/266/267/268/269/270/271/272/273/274/275/276/277/278/279/280/281/282/283/284/285/286/287/288/289/290/291/292/293/294/295/296/297/298/299/300/301/302/303/304/305/306/307/308/309/310/311/312/313/314/315/316/317/318/319/320/321/322/323/324/325/326/327/328/329/330/331/332/333/334/335/336/337/338/339/340/341/342/343/344/345/346/347/348/349/350/351/352/353/354/355/356/357/358/359/360/361/362/363/364/365/366/367/368/369/370/371/372/373/374/375/376/377/378/379/380/381/382/383/384/385/386/387/388/389/390/391/392/393/394/395/396/397/398/399/400/401/402/403/404/405/406/407/408/409/410/411/412/413/414/415/416/417/418/419/420/421/422/423/424/425/426/427/428/429/430/431/432/433/434/435/436/437/438/439/440/441/442/443/444/445/446/447/448/449/450/451/452/453/454/455/456/457/458/459/460/461/462/463/464/465/466/467/468/469/470/471/472/473/474/475/476/477/478/479/480/481/482/483/484/485/486/487/488/489/490/491/492/493/494/495/496/497/498/499/500/501/502/503/504/505/506/507/508/509/510/511/512/513/514/515/516/517/518/519/520/521/522/523/524/525/526/527/528/529/530/531/532/533/534/535/536/537/538/539/540/541/542/543/544/545/546/547/548/549/550/551/552/553/554/555/556/557/558/559/560/561/562/563/564/565/566/567/568/569/570/571/572/573/574/575/576/577/578/579/580/581/582/583/584/585/586/587/588/589/590/591/592/593/594/595/596/597/598/599/600/601/602/603/604/605/606/607/608/609/610/611/612/613/614/615/616/617/618/619/620/621/622/623/624/625/626/627/628/629/630/631/632/633/634/635/636/637/638/639/640/641/642/643/644/645/646/647/648/649/650/651/652/653/654/655/656/657/658/659/660/661/662/663/664/665/666/667/668/669/670/671/672/673/674/675/676/677/678/679/680/681/682/683/684/685/686/687/688/689/690/691/692/693/694/695/696/697/698/699/700/701/702/703/704/705/706/707/708/709/710/711/712/713/714/715/716/717/718/719/720/721/722/723/724/725/726/727/728/729/730/731/732/733/734/735/736/737/738/739/740/741/742/743/744/745/746/747/748/749/750/751/752/753/754/755/756/757/758/759/760/761/762/763/764/765/766/767/768/769/770/771/772/773/774/775/776/777/778/779/780/781/782/783/784/785/786/787/788/789/790/791/792/793/794/795/796/797/798/799/800/801/802/803/804/805/806/807/808/809/810/811/812/813/814/815/816/817/818/819/820/821/822/823/824/825/826/827/828/829/830/831/832/833/834/835/836/837/838/839/840/841/842/843/844/845/846/847/848/849/850/851/852/853/854/855/856/857/858/859/860/861/862/863/864/865/866/867/868/869/870/871/872/873/874/875/876/877/878/879/880/881/882/883/884/885/886/887/888/889/890/891/892/893/894/895/896/897/898/899/900/901/902/903/904/905/906/907/908/909/910/911/912/913/914/915/916/917/918/919/920/921/922/923/924/925/926/927/928/929/930/931/932/933/934/935/936/937/938/939/940/941/942/943/944/945/946/947/948/949/950/951/952/953/954/955/956/957/958/959/960/961/962/963/964/965/966/967/968/969/970/971/972/973/974/975/976/977/978/979/980/981/982/983/984/985/986/987/988/989/990/991/992/993/994/995/996/997/998/999/1000/1001/1002/1003/1004/1005/1006/1007/1008/1009/1010/1011/1012/1013/1014/1015/1016/1017/1018/1019/1020/1021/1022/1023/1024/1025/1026/1027/1028/1029/1030/1031/1032/1033/1034/1035/1036/1037/1038/1039/1040/1041/1042/1043/1044/1045/1046/1047/1048/1049/1050/1051/1052/1053/1054/1055/1056/1057/1058/1059/1060/1061/1062/1063/1064/1065/1066/1067/1068/1069/1070/1071/1072/1073/1074/1075/1076/1077/1078/1079/1080/1081/1082/1083/1084/1085/1086/1087/1088/1089/1090/1091/1092/1093/1094/1095/1096/1097/1098/1099/1100/1101/1102/1103/1104/1105/1106/1107/1108/1109/1110/1111/1112/1113/1114/1115/1116/1117/1118/1119/1120/1121/1122/1123/1124/1125/1126/1127/1128/1129/1130/1131/1132/1133/1134/1135/1136/1137/1138/1139/1140/1141/1142/1143/1144/1145/1146/1147/1148/1149/1150/1151/1152/1153/1154/1155/1156/1157/1158/1159/1160/1161/1162/1163/1164/1165/1166/1167/1168/1169/1170/1171/1172/1173/1174/1175/1176/1177/1178/1179/1180/1181/1182/1183/1184/1185/1186/1187/1188/1189/1190/1191/1192/1193/1194/1195/1196/1197/1198/1199/1200/1201/1202/1203/1204/1205/1206/1207/1208/1209/1210/1211/1212/1213/1214/1215/1216/1217/1218/1219/1220/1221/1222/1223/1224/1225/1226/1227/1228/1229/1230/1231/1232/1233/1234/1235/1236/1237/1238/1239/1240/1241/1242/1243/1244/1245/1246/1247/1248/1249/1250/1251/1252/1253/1254/1255/1256/1257/1258/1259/1260/1261/1262/1263/1264/1265/1266/1267/1268/1269/1270/1271/1272/1273/1274/1275/1276/1277/1278/1279/1280/1281/1282/1283/1284/1285/1286/1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PROPERTY • GARDENING •



**TWO VERY** different Grade I listed manor houses have come on to the market in recent weeks. Down at Hellingly, East Sussex, the area's one outstanding private house, Herringlunge Manor, is being sold by the Led Zeppelin manager, Mr Peter Grant. Built in 1475, the 28-plus-room timbered manor still has its

broad moat, a drawbridge for the drive and high-walled gardens. A good 15-minute drive from Lewes station, and a further hour and five minutes from here into London, it is a little remote for a regular commuter, but there is plenty of room for a helicopter pad on the 38 acres of gardens and nearby pasture land, or on

the rest of the 88-acre mini-estate. St John Vaughan at Hayward's Heath (0625 4111) is looking for a pretty demanding £280,000 for the whole estate, although some 48 acres of the farmland could be sold separately.

Savills (499 8644) has no water in the moat. It has an offer at Hythe, Kent. And the six-



bedroom house there dates only from the days of Queen Anne. But it is built on to the fairly substantial remains of the 14th century Westenhanger Castle, and the house retains the name of the home of Henry II's "Fair Rosamund". Henry II visited Rosamund de Clifford in Westenhanger's tower

by slipping in through a brick lined tunnel that was rediscovered when nearby Folkestone racecourse was built. In the 16th century Henry VIII converted the castle into a Royal residence with 126 doors and 365 windows. The current Queen Anne house stands in 6½ acres. Offers around £280,000.

**WENTWORTH** Woodhouse near Rotherham, South Yorkshire, would make an impressive corporate training centre. It has a 600ft frontage (the widest facade of any English house), includes 215,000 sq ft of accommodation, and stands in its own 90-acre park. Humberts (01-629 6700), gives one of the broadest guide price spreads on record as it struggles to think of who might want this giant Victorian mansion. It is waiting for bids of between £500,000 and £1m. The property was turned over to the Rotherham Borough

Council 14 years ago for use by the Lady Mabel College of Education and Sheffield Polytechnic. The colleges use the mansion block for conference and catering facilities, and an adjoining stable block—added to the 1760s house a few years after its completion—acts as gymnasium, classrooms, living accommodation and houses a swimming pool. Although the lease specifies "educational use," the agents believe the property could be adapted to become a hotel, conference centre, company headquarters, or museum.



**EIGHT YEARS** ago, when Mr Bowman-Vaughan bought Barham Manor, the property had been on the market for some months. There was little competition for the house, despite the undeniable appeal of a genuine Grade I listed Tudor Manor, complete with picture-book octagonal chimneys and mullioned and transomed windows. Its six bedrooms and three bathrooms, 2.6 acres of garden, outbuildings, garages and so forth put it beyond the price range of those local buyers who didn't already have substantial houses in Suffolk.

Now, with the electrification of the rail link, improvements to the A45 and the prospect of completion of the Chelmsford bypass, Barham Manor has moved within the City commuting belt, and its price reflects it. Barham is a ten-minute drive from Ipswich Station, which is a 60-minute run to Liverpool Street.

"We have already had offers in, and I'd be surprised if we

didn't sell it for £220,000-£225,000 at least," says Mr Jock Lloyd-Jones of Strutt & Parker's Ipswich office (0473-214841). As Mr Lloyd-Jones says, demand for country houses in Suffolk has increased enormously in the past couple of years. "Young people working in the City on high salaries and with golden halloes" to spend, make the running, and they have been forming a queue for Barham Manor.

It is a remarkably beautiful house. There has been a house on the site since Edward the Confessor's time, but the present manor dates from 1545 when it was built on land held by the Abbot of Ely until the dissolution of the monasteries. At the end of the last century the house was separated from its farmland, and in 1925 it was sold to a London solicitor for £1,250. It had an exceptional war, housing, among others, David Niven and the "phantom army" team whose job it was to make the Germans believe that the D-Day landings would be in Holland.

Feed those plants!

WHEN MY apple trees were flowering gloriously in May, many discouraging friends assured me that I would not get any crop since all the bees had been killed during the winter and early spring. In the event, nearly all the trees are cropping splendidly, as they are in many other orchards, so either the wise-ones were misinformed about the bees or those that survived did an uncommonly good job of pollination.

So now, for the third year running, I have the prospect of a reasonable crop but it all depends on what happens during the next few weeks. This is a time of year when plants of all kinds are liable to starve suddenly and unexpectedly, especially when they have been growing so fast and well as most have these past three months. All the readily available food can be used up and unless some more is added, growth can cease, leaves lose their colour and fruits fail to swell properly.

What is required at the moment are fertilisers that will act quickly. It is the time when sulphate of ammonia, nitrate of soda, urea, superphosphate of lime, sulphate of potash, muriate of potash and similar chemicals can produce spectacular results. Not that I would advise anyone without some experience of this kind of rapid feeding to use single chemicals which can do severe damage if applied in excess or spread unevenly. Far better make use of well balanced mixtures, such as the time honoured Growmore, to which non-active bulking material has been added to make them easier to spread and for which proper instructions for use are on the bag.

Owners of large gardens may prefer to buy an agricultural mixture, as the price is considerably cheaper, but then there will be no instruction, since farmers are expected to know what they are doing. What will be displayed are three figures indicating the percentage of nitrogen, phosphoric acid and potash in the fertiliser in that order. I use a 20.10.10 fertiliser which means that it contains 20 per cent nitrogen, 10 per cent phosphoric acid and 10 per cent potash. The comparable formula for Growmore is 7.7.7 so it is obvious that this agricultural fertiliser is considerably more concentrated and so needs to be used at a correspondingly lower rate, certainly no more than 2 oz per square yard against the average of 4 oz per square yard for Growmore.

When in doubt it is always

wise to give too little rather than too much since the effect of the fertiliser will be quite obvious in a few days in a deepening of leaf colour and a quickening of growth. If enough has been given, this effect should continue for a month or more provided there is sufficient moisture, either natural from rain or artificial from irrigation, to dissolve the chemicals and make them available to the roots. If the effect disappears much more rapidly a second small dose can be given. But all this I consider advice for gardeners with a fair amount of experience. To beginners, or those unsure of themselves, I would say buy proprietary fertilisers and follow label instructions.



Most general garden fertilisers contain only the three plant foods I have named because these are the ones most likely to be in short supply in the soil but they are not the only ones that are essential for healthy plant growth. Deficiency of some of the others, when it does occur, can produce spectacular results which are often mistaken for disease. Shortage of iron or manganese can cause excessive yellowing of the leaves, something far more dramatic than the greenish-yellow caused by lack of nitrogen. In the absence of either of these chemicals the green colouring of the leaf, which enables it to turn simple chemicals into complex organic compounds, such as proteins, sugars and starches, is simply not maintained. Iron and manganese deficiencies are most likely to occur in soils con-

taining a lot of lime and are then not quite so simple to rectify as those for which general purpose fertilisers are prepared.

The chemicals must be prepared in special forms known as chelated or sequestered to prevent rapid locking up in the soil in insoluble forms which are useless to plants. Such preparations are readily available in garden shops and some manufacturers also prepare general fertilisers containing these and other extra chemicals such as copper, magnesium and boron. Inevitably they cost a good deal more than simple mixtures of nitrogen, phosphorus and potash and for most outdoor purposes it is not necessary to use them, but they can be very useful for container grown plants, particularly when using peat based composts which contain no soil to provide a reserve of these elements. Plants in containers also tend to receive a good deal more water than those growing outdoors and this can wash a lot of soluble chemical out of the compost, so leaving plants starved even though they seem to be receiving every possible attention. I was interested to be told recently by one big commercial producer of container grown plants that he now washes a 25 per cent soil to all his peat composts to act as a buffer against chemical deficiencies caused by excessive watering of the plants in the standing grounds of garden centres.

Out of doors it is not, as a rule, wise to apply readily soluble fertilisers—particularly those containing nitrogen, after the end of August since they may cause growth to continue so late that it remains soft instead of becoming tough in preparation for the winter. It is also wasteful since plants do not use much food while dormant and much of the soluble chemical will be washed out of the soil, by winter rain.

Autumn is a good time to dig in bulky organic feeds such as animal manures and decayed garden refuse in which the chemicals required by plants are not immediately available but will be made so slowly and progressively as they decay in the soil. It is these bulky materials, and also peat which contains little plant food, that maintain the texture of the soil, so enabling it to hold ample water and air at the same time, and to maintain a healthy bacterial and fungal life in the soil.

Arthur Hellyer

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DIVERSIONS

Around the horn under full scale

David Lascelles takes up with a brassy French femme fatale and discovers that his conquest is a devil in disguise

THE FRENCH horn, I suspect, occupies a special place in most people's affections: that rich muffled sound, those glorious swirls of brass, that pronged parody exploited by Flanders and Swann.

learning new instruments and deserved a good parental example. My doctor even told me it would be good for my health—a slight asthma problem. When my neighbour's horn-playing daughter offered to give me lessons, I needed no further urging.



But I must assure anyone who holds to this loveable image that it could not be further from the truth. One year after taking it up, I can state with some authority that the French horn is the most devilish instrument ever devised by man: it is a femme fatale, a siren whose call should never be answered.

nearly two decades. Although my examiner—a nice chatty man with glasses—went out of his way to put me at my ease, I was struck by a dreadful fit of nervousness and my lips went dry—fatal. The room also echoed strangely, and I found all my sounds coming straight back at me. I performed poorly, and reckoned I had at best just scraped through (I was hoping that the examiner would pity a struggling adult).

As I drove out one summer day

to cling to it and save you the bother of tying them up so frequently. These tripods can be fitted into any long border. Here, they kept company with the white cosmos daisy, a plant which polly gardeners love because of its rather ghastly orange relatives.

By now, you can imagine, I had stopped for closer inspection before swinging right past the baro. Gardens of annuals tend to be flat gardens, but these plants were giving some

between some huge white petunias and the rounded heads of annual phlox. Lobelia is a good plant in a wet summer, and it clearly responds in spray.

It was their colour, finally, which made the most lasting impression. Nowadays, we all tend to write as if certain colours are more suited to gardens than others: there are even books with charts, telling you which will mix well together. Fashionable borders are on the guard against too much yellow; orange is unimaginable and nobody, with an artistic eye is supposed to make free with vivid scarlet.

This garden reminds me of how these principles are better suited to some lights than others: they also depend on the local colours of surrounding buildings. In a dry, south-eastern landscape, the effect would have been too much, but it glowed against a dark reddish-grey stone in the softer light of the Welsh borders. I like to think what I myself would have tried to grow in places where someone else has conspicuously succeeded. I would have begun with pinks and whites. I dare say, with some sky-blue lemon, yellow and plenty of Rose New Dawn. It might have looked good on one of the few warm evenings in summer. I doubt if it would have made passing drivers nearly ram the wall of my farmyard barn.

Arthur Hellyer on gardening—Page IX

Robin Lane Fox looks over the wall of an Elysian-like garden... and reveals some of its secrets.

welcome height. They were assisted by a charming class of companion, fuchsias grown as tall standards. Fuchsias with long tubular scarlet flowers had been mixed with a paler flesh-white, which I think was probably Chickering.

Among them, there were drifts, not blocks, of single colours, sky blue Love in a Mist, pink Clarkia which refuses to flourish with me, white tobacco plants and some enviable Larkspur. Perhaps I should buy a proper back-pack. I think I saw the brilliant white mallow Lavatera Mont Blanc which makes such an impact whatever the weather. Certainly there were yellow snapdragons, migonette, rosed stocks and even some bearable hegonias.

The front row dripped with dark blue lobelia, luxuriating

notable cooks who have put down their thoughts and ideas on paper, the most famous being three women—Mrs Acton, Mrs Beeton and Mrs Marshall. Published around 1880, Eliza Acton's new edition of Modern Cookery for Private Families (£20) is a classic as is Mrs Isabella Beeton's The Book of Household Management (costing £25 for an early edition).

Smaller manuals of a later date, the 1920s, with titles such as "Hors d'Oeuvres and Savouries," "Poultry and Game," "Sauces and Soups" carrying Mrs Beeton's name—she died when she was 29—can be had for £3.

The complete antithesis to the redoubtable Mrs B is Mr P. Frithwright's wittily illustrated cook book "Of the Beeton Track" published 1980 (or thereabouts), the eminent cookery teacher, Mrs A. B. Marshall, also set about writing

Beeton, Acton and Harben... the delights of acquiring a century of cook books.

A massive work on The Larger Book of Extra Recipes c. 1885 (£30), as well as The Book of Ices c. 1800 (£8), which included cream and water ices, sorbets, mousses, iced souffles, etc. Fancy Ices (£15) of the same date, contained a more elaborate style of ices.

Then there are the great male cooks. Although Alfred L. Simon, founder of the Wine and Food Society, is remembered mostly for his books on wine, A Concise Encyclopedia of Gastronomy (£12.50), 1952, is a handsome volume of timeless interest. He also wrote a small volume, Basic English Fare, 1949, which cost me the princely sum of 10d and is certainly worth every penny. Less well known, but becoming collectable for those on a limited budget, are Ambrose Heath's and Philip Harben's contributions.

Heath's output was most prolific between 1930 and 1950. Clean ropes of this self-confessed gourmet's work can be

The world's best luncheon club

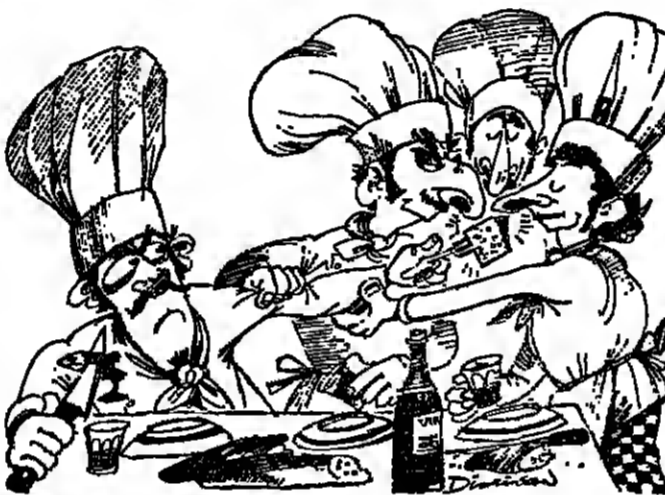
A COUPLE of years ago I spent 10 days in the kitchen of a two-star French restaurant on the Cote d'Azur. For a middle-aged amateur cook, self-taught, it was the chance of a lifetime to see top professionals at work (only professionals sprinkle salt from a great height—it just looks affected and silly when I do it).



FOOD FOR THOUGHT

room which apparently had no other function. There was a plastic-topped table, folding chairs stacked around the walls and a wide view of mountains from the window. Most days someone had cooked something on a Buggins-turn basis. A ragout of letoffers, a gratin of pasta, a roast of veal on Sunday.

corner. These were opened and passed around without ceremony. In fact the occasion was without formalities of any kind except the natural gravitas that always descends on the French at table. Drinking was restrained but celebratory, with little nods and toasts. Talk was of football and money and gossip about other cooks, their jobs and ambitions.



There we sat until the ears of the first arrivals scruined into the drive, when everyone went back to his post to face the controlled three-hour hysteria of a "relais gastronomique" firing on all cylinders.

WINE-GROWING In England has always been hazardous. When Henry II was married to Eleanor of Aquitaine, English vines were largely displaced by French; and Henry VIII's action in dissolving the monasteries was another blow. Nevertheless growing continued marginally, if to little account.

In 1789, the Hon Charles Hamilton, whose estate at Painshill near Cobham, Surrey, is even now being restored—commented ruefully on other's reaction to his own vineyard wine in a manner that present-day English growers might well echo:

"It would be endless to mention how many good judges of wine were deceived by my wine and thought it superior to any champagne they ever drank; but such is the prejudice of most people against anything of English growth, I generally found it most prudent not to declare where it grew till after they had passed their verdict on it."

The next vineyard of any size was planted in 1875 by the Marquess of Bute at Castle Coch near Cardiff, and carried on until shortly before the First World War. In 1937, I attended

The viticultural problem in England is the lack of sun and warm temperatures, coupled with the general unreliability of the climate. So the tendency has been to plant German grapes such as Müller-Thurgau (much the most common) and those varieties developed over the past 40 years in the northernly latitude of the Rhine and Moselle to ripen early, and be frost-resistant: Reichensteiner, Kerner, Huxelrebe, Bacchus, etc.

These help the English wine grower in his struggle to secure enough fruit, aided by legally allowed addition of sugar, and to achieve a good balance of acidity.

Over the years quality standards have risen greatly owing partly to improved knowledge and techniques, shared freely among the growers, and partly to older vines. Yet, English wines must to some extent be judged by somewhat different criteria from those applied to French or even German products. Some greenness, hardness and even austerly must be expected. Some may lack

Wine

English without fears



The modern revival began after the Second World War when Edward Hyams and Ray Barrington Brock wrote on the possibility of wine production in England. This inspired Sir Guy Salisbury-Jones, who died only last year, to plant in 1952 a vineyard at Hambledon in Hampshire. On French advice, he used a hybrid vine, Seyve-Villard.

Others followed him and in 1967 the English Vineyards Association (EVA) was formed with 20 members, now grown to 550. The 323 vineyards cover 488 ha (1,100 acres) and produce an average of 650,000 litres a year.

Of these vineyards 134—with the greatest concentration in Kent and East Sussex—actually produce wine from their own grapes as well as making it for other growers. (A list of the 101 English vineyards open to the public this year can be obtained from the association at 35 West Park, London, SE29 4AR, for the price of a stamped addressed envelope.)

acid and be baby. On the other hand, the bouquet may be very agreeable and the flavour clean, crisp and fresh. All are for early drinking.

Every year, EVA organises an English Wine of the Year competition, judged by writers and members of the trade. The top award is the Core-Browne trophy presented by a pioneer of the post-war revival, Mrs Margaret Gore-Browne of Beaulieu in Hampshire.

This year's contest took place recently in the Festival Hall, London, and no fewer than 130 wines were entered—no mean tasting task for a panel that first whittled them down to 30, and then awarded medals to 17. The wines were divided into seven classes, basically according to whether they were from

1985 or previous (in fact, 1984) years, and whether dry or not. I cannot pretend that my preferences were always the same as the judges', for, among the "not-dry" white '85s, I found the silver-medal winner Lamberhurst Reichensteiner, rather short to taste in spite of a full, attractive bouquet; while the bronze-winning Astley Blend (from Stourport-on-Severn) had (for me) more character, being crisp and slightly peppy.

Astley also scored among the 1984 "not-dry." Its bronze-medal Kerober had a fine aroma, a forthcoming nose and fair acidity but was harder than its Severn Vale, a blend of Kerner, Huxelrebe and Müller-Thurgau that was rounder and very well-balanced.

The Lymington Medium-Dry 1984, also a bronze winner, was fruity and easy to drink, and deserved its medal. There were 39 entries in this class, more than any other, which indicates the scale of wine for which many English growers are aiming. A Liebfraumilch of the West?

When it came to the dry white 1985, the top gold prize and the Gore-Browne trophy were awarded to a hybrid grape wine, Wootton, Seyval, from near Shepton Mallet in Somerset and produced by Major C. L. B. Gillespie, the retiring

EVA chairman. This had a nice bouquet as well as fair balance and a long flavour, but to me it was still distinctly green.

The 1984 dry whites struck me as hard, acid and rather thin; but in a second class of 1985 dry whites Astley won again, with a gold medal and President's Cup for its hybrid Madeleine Angevin (although I preferred the Kents Green from Gloucestershire, as it had more aroma, very good acidity for a Müller-Thurgau, and fair balance). In the rosé class, Lamberhurst 1983, apparently the only entrant, deserved its bronze for trying.

The aim of the EVA is to acquire from the EEC quality wine status for its members: namely, the equivalent of French AOC. As yet though, the total area planted is too small and the relevant production and quality statistics available for too short a time. Nor would the EEC look kindly on the use of hybrid grapes for quality wines.

The prices of English wines vary between £3 and £4, and most serious wine merchants list one or two. The bottles would be at least £1 a piece cheaper but for the unfair government regulations impose the same excise tax on home-grown wine as on those imported.

If such a ruling were imposed on French wines within France, the popular explosion would make the recurrent demonstration of the look like a farce. When are the English (and Welsh) growers going to march on Westminster?

Edmund Penning-Rowsell

Sir Mortimer Wheeler... deeply unimpressed

a Cilbeay centenary exhibition opened by Sir Mortimer Wheeler, during which he mentioned that when an undergraduate at Oxford he had drunk a Castle Coch wine.

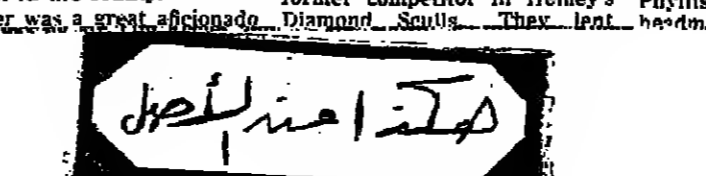
asked him later what the wine had been like; looking warily around, he replied: "Bloody awful!" In defence of this Welsh white wine, it probably was well beyond its best when the future distinguished archaeologist sampled it. For, in its time, it enjoyed some sale by reputable merchants.

An emmett's guide to gigs

his second name will give the year of his birth, for it celebrated on of the few British officers to emerge as a hero from the Boer War. General Sir Redvers Buller. Inevitably, Richard Redvers became known as Buller. He died a few years ago and was the last Cadwath man to "go the old way," his coffin being carried to the churchyard to slings by relays of lieutenants from all over West Cornwall, up Barn Hill, one of the steepest in the county.

Buller was a great aficionado of the old Cornish sport of six-oared Pilot Gig racing, although with him it took the form of reviving the sport in Cadwath and supporting it, cheering, singing with a bit of boozing thrown in.

Gigs are slim, very fast, 32-foot seabats, which in the chop of the Channel could make the best Oxbridge boatrace crews look like a bunch of tyros. Older Cadwath men still relish the arrival of a former competitor in Henley's Diamond. Sculls... They left



raising events. Its name, of course, is the Buller. Pilot gigs? Their speed over the ground, averaging out the effect of tide, current, wind, and swell, is claimed to be about 10 knots. They principally race at Newquay, in the Scillys, on the River Fal, and now off Cadwath Cove.

For the information of "emmetts," this summer's gig races include Newquay—August 3, 5, 7, 10, 13, 14, 20 and 27 (the Silver Gigs over a six mile course); September 3, 4, 13 (against the Scillies); October 5. The Scillies—September 20-22 and 27-28, Cadwath—August 22.

John Bourne

Collecting

Just like granny made it



Mrs Beeton... a classic found for £2.50; first editions costing a little bit more, say, £2.50. He is best known for his war-time efforts: Kitchen Front Recipes, What's Left in the Larder and There's Time for a Meal.

Philip Harben became the first British TV chef and to prove that culinary skills in the kitchen were speeding up. Best Quick Supper Dishes and Cooking Quickly, were published after the last war (£1.30 each). Also, first editions of the living writers, Elizabeth David, Jane Grigson and Arabella Boxer must surely be collectors' items of the future.

A few worthwhile subjects to pursue are: advertising leaflets (Stork margarine; McDonald's flour, etc) or regional receipts found in Women's Institute publications, not forgetting "connoisseur" cookery and the various diets followed over the years (F. Plan to name a few). The 1930s, with its emphasis on entertaining (cocktail parties, bridge parties, tennis parties, etc) and the austere war years must also contain periods requiring completely different ingredients—bleachers and dried egg powder are not easy to come by these days!

Remember that the value of any book is enhanced if it is rare or scarce, in mint or good condition and has a dust wrapper intact. As most cookery books have been well used in the kitchen, covers are often torn and inside pages may be splattered with grease marks.

It is difficult to give firm guidelines on prices. They vary considerably from shop to shop. Prices quoted in specialist catalogues are the highest one can expect to pay. Often, similar books can be bought cheaper but that is not taking into account the cost of petrol on the way, or the cost of driving to various outlets or the wear-and-tear on oneself when struggling at a jumble sale.

Mail order cookery book dealers: Janet Clarke, 3 Woodside Cottages, Freshford, Bath, BA3 6EJ; Cooks Books, 34 Mariner Drive, Rotherham, S61 1JL; C. G. B. Books, 22 St. Leonards Road, Bourneville, Tom Jackson, 22 Parkhill Road, Lkley, West Yorkshire.

R. A. Hill



# Woes and glories

**ARGENTINA 1516-1982: FROM SPANISH COLONISATION TO THE FALKLANDS WAR** by David Rock. I. B. Tauris £24.50, 496 pages

**THE CAMBRIDGE HISTORY OF LATIN AMERICA. VOLS IV and V (1870-1930)** edited by Leslie Bethell. Cambridge £45.00 and £45.00

**FEW COUNTRIES** have aroused such hopes yet generated as much disappointment as Argentina.

With its vast territory, good climate, huge natural resources and vigorous inflow of European immigrants, Argentina seemed a land of infinite promise in the early part of this century. At the time of the First World War, Argentina's foreign trade was bigger than that of Canada and was a quarter of that of the US. Britain in the preceding four decades had channelled here some 10 per cent of its total foreign investment. Argentina was the world's largest producer of corn and linseed, the second in wool and the third in live cattle. Nijinsky had performed in Buenos Aires' grand new opera house and in Europe the French talked of being rich as the Argentine. As late as the 1940s many Europeans believed Argentina offered as much opportunity as North America and its per capita income was greater than that of Australia.

A sorry tale from the divinity of Peron through the cruelty of the military juntas, the fiasco of the Falklands conflict and the crippling burden of foreign debt to a stagnant economy; a heritage which leaves the democracy of President Raul Alfonsín with little immediate hope of achieving the prosperous modern society once believed to be Argentina's destiny.

David Rock has set himself the task of answering the intriguing question of what went so badly wrong. In one sense he is out to refute the popular view that the past 40 years' decline began with Peron's caudillismo and his squandering of national wealth in social benefits and public works the nation could not afford.

Writing primarily as an economic historian, Mr Rock who is a professor at the University of California, argues convincingly that successful colonial societies, like Australia, established "external linkages" (in trade and investment) which survived or adapted to changes in the international order, and at the same time managed to revolutionise themselves in a self-sustaining direction. He maintains the principal cause of Argentina's decline was its failure to conserve old links with Europe or create substitutes elsewhere, especially in the post Second World War period.

The First World War witnessed a trend away from its traditional linkage with Britain that accounted for 40 per cent of trade and 60 per cent of investment. While buying less from Europe (and more from the US), it continued to sell nearly all its goods to Europe. The Roca-Runciman Treaty of 1933, between Britain and Argentina so denounced by nationalists, temporarily halted this trend until the Second World War. Thence the imbalance increased.



'Long Live the Argentine Federation'—a slogan of the late 1820s, one of the illustrations to David Rock's book

too much for granted. But Peron was not alone in presuming Argentina was divinely blessed. In the previous decades agricultural development was impeded by the structure of land-ownership, with too many large holdings held as a badge of social status. The smaller-scale immigrant farmer, the strength of Australia, Canada and the US, was not encouraged and this meant the rural middle class was lacking in a political voice; while the urban middle class, top-heavy in Buenos Aires, enjoyed disproportionate power. Lack of real attention to the nation's basic resource, the land, resulted in stagnant productivity, while prices were undermined by inflation. Between 1945-73 grain yields rose

only 25 per cent in Argentina against 89 per cent in Australia and 140 per cent in the US. Mr Rock argues that political stability tended to follow periods of prosperity and vice versa. However, he does not make enough of how Peron so thoroughly eroded the notion of democracy, thus making Argentina a difficult international partner. He further ignores the destabilising effect of a nation in search of an identity which it still has not found. Nevertheless this is a significant work of reference which deserves careful study despite its heavy prose and high price.

A distilled version of part of this book can be found in Mr Rock's contribution to Vol V of the Cambridge History of Latin America. Vols IV and V, covering 1870-1930, have just been released. These volumes draw on some of the most distinguished scholars working in this field and this much needed series has the great merit of being broadly focused also to include social and cultural developments.

Since each contribution is often the length of a small book, the publishers should consider the publication of individual chapters in book-form for greater diffusion. Otherwise at this price such valuable work is destined for the libraries.

Robert Graham

# Drawing the line at last

**SLOW ON THE FEATHER: FURTHER AUTOBIOGRAPHY** 1938-1959 by Wilfrid Blunt. Michael Russell. £12.95, 270 pages

WILFRID BLUNT tells a story in this new volume of autobiography, which mainly concerns his 21 years as Drawing Master at Eton, of the arrival of the present Viscount Chelsea at the school. His housemaster, proud of his aristocratic acquisition, was extolling rather too fulsomely to the wife of another housemaster the boy's fine qualities. "I suppose you've checked," interrupted the lady sharply, "that he has an anchor on his bottom?"

Many copper-bottomed aristocrats are firmly anchored in these pages, from the now dreadlocked Viscount Weymouth who once entranced Evelyn Waugh ("I think he is the most enchanting creature of either sex I have met for twenty years," he wrote to Lady Balth) to Prince Richard (now Duke) of Gloucester ("considerable artistic talent").

In this book's predecessor, Married to a Single Life, which covered his time at Haileybury, Mr Blunt declared that the really nasty Etonian or Old Etonian cannot be matched by the product of any other school in the country. Opening this volume, I looked to see that doubtless true judgment borne out. It isn't, of course. The charms of Eton, or the warnings of the libel lawyer, have carried the day. Living ex-pupils are discreetly dealt with. The venom is reserved for dead ones.

And not many even of them. H. K. ("Bloody Bill") Marsden gets it in the neck for being "an unsuppressed sadist." My own eccentric but endearing housemaster, R. A. ("Dirty Dick") Young is playfully pilloried for being unaware that his house was "humming with sexual activity" (you could have fooled me, too, I guess). But Cyril Butterwick, later

Sotheby's silver expert, is accorded an epitaph that any snob schoolmaster might envy. "In 1966," writes Mr Blunt, "Butterwick dropped dead at a garden party at Buckingham Palace; he would not have wished for a more fitting end."

If Mr Blunt has a serious grouse against the school, it is that "philistinism was rampant in high places," starting with the Head Master, Claude Aurclius Elliott, who came, almost unknown, from Jesus College, Cambridge, and would now be described as laid back. In Mr Blunt's first year a crisis occurred when his superior in the art department, Lewisell Menzies-Jones ("Mones") went temporarily round the twist, "striding up and down the big gallery at the Drawing School, singing operatic excerpts at the top of his voice... ordering two boys to fetch ices for the entire division and 'charge them to Mr Blunt.'" Confronted with these facts, the Head Master replied: "You know it's Henley Week? Can't you possibly keep him in play until that's over?"

Elliott and, I am sorry to hear, that brilliant organist Dr Henry ("Daddy") Ley, were resolutely opposed to any musical innovation. An even worse instance of an anti-cultural bigot was, it appears, the housemaster Nicholas Roe. Mr Blunt devotes a whole chapter to complaints made against him by an elderly old boy, now living in Switzerland, who is simply referred to as "O" (an *Histoire d'O* even more searing than the original French one).

When not telling Eton anecdotes Mr Blunt has a prolix style, labours his analysis in his own homosexuality, and includes a bizarre passage about the number of possessive widows who, he believes, were out to "take him over." He includes a postscript on his brother Anthony Blunt, who said to him, after the public revelation of his treachery: "You must admit I'm a very good actor."

A ragbag of a book, containing good things and bad things, like Eton itself.

Rivers Scott

## Fiction

# London to Cambridge fizzer

**THINK OF ENGLAND** by Frederic Raphael. Cape. £5.95, 187 pages

**SUNFLOWER** by Rebecca West. Virago. £9.95, 276 pages

**MISSING PERSONS** by David Cook. Allison Press/Secker & Warburg. £9.95, 184 pages

**INCIDENTS AT THE SHRINE** by Ben Okri. Heinemann. £9.95, 136 pages

FIRST THE bad news about Frederic Raphael's new collection of short stories Think of England. They are narrow in scope, limited almost entirely to literary London, Cambridge 30 years ago, and the scripwriting scene in Spain, England and California—the II and times, in short, of one F. Raphael, who appears in more than one of the 17 stories under his own name, usually in the leading role.

Now the good news. They are up to his customary standard, sharp, cynical, bitchy, urbane, always interesting,

always good-humoured, yet never afraid to put the boot in when the situation calls for it. He puts the boot into all the right people—pseudos, literary circles (an underserving breed), frantic film producers, media frauds of all kinds—and does it with great skill, not to mention enthusiasm.

One of the best stories charts the career of a ghostly Cambridge graduate of the 1950s, a pusily individual who claws his way up through the world of letters without an ounce of talent and becomes chairman of the Booker Judges the very year that old enemy Raphael is in with a good chance. It all rings horribly true, so true in fact that what one really craves with Think of England is a crib to the author's real thoughts, a list of dramatis personae without the names changed.

Who, for instance, are Gaines and Ashman, Cambridge contemporaries, whose literary progress is achieved largely through energetic reviews of each other's work? Who is the publisher Roy Powell, whose

titled wife serves up the most appalling lunches at their Welsh retreat? If not Oxford men in real life, they certainly have Oxonian counterparts stalking the faces of the cast. No doubt the author's lips are sealed on this point. The fun for the rest of us is to put names of our own to a cast of his choosing.

Rebecca West's Sunflower, for all its cheerful title, displays considerably less brio. It is a roman à clef, written during the 1920s (though never finished) and published now for the first time, three years after her death. Roman à clef because it traces the break-up of the author's affair with H. G. Wells, followed by an equally unhappy fling with little Lord Beaverbrook, whose sparkling performance in life was never, by this account, equalled in bed.

It seems that Rebecca West wrote the book as a means of getting Beaverbrook out of her system, then buried it in a bottom drawer, where it has remained for the best part of 60 years. Thousands of women do the same every year.

Whether it was wise of Virago to disinter this particular volume and publish it as the first of seven posthumous works by the author will be for the reader to judge.

As literature, Sunflower comes across as distinctly tepid. Whatever her other claims to fame, Rebecca West was never a great writer, and this is not one of her best novels. Dull is the politest word for it. As history though, a portrait of Beaverbrook with his trousers pulled down, it was a fair claim to be a fascinating social document. Indeed the most interesting part of the book is Victoria Glendinning's Afterword, in which the characters' real names are given and their various relationships placed in a proper context.

David Cook's Missing Persons takes a trio of old age pensioners and lets them in for a series of bizarre situations, most of which are the fault of the indomitable Hetty. Her friend Frank is a retired lecher who abandoned his son as a baby 50 years ago and has never looked back. Hetty undertakes



David Cook and Ben Okri: Nigerians and senior citizens



to reunite the two, against their wishes, and is so encouraged by the failure of this experiment that she sets up as a private detective in search of other missing persons.

A splendid idea for a story, particularly in the character of Hetty. Unfortunately though, the author begins to lose control towards the end. His sense of social realism, which has served him so well in the past, intrudes a little too far into what is otherwise a lighthearted and cheerful romp through the tribulations of senior citizenship.

Nicholas Best

# Loving Puritans

**THE PURITAN CONSCIENCE AND MODERN SEXUALITY** by Edmund Leites. Yale UP. £17.50, 196 pages

THE SEVENTEENTH-CENTURY Puritans, Edmund Leites suggests, were not as grimly preoccupied with restraint and self-control as we might imagine. Unsurprisingly, however, Leites acknowledges that they can hardly be seen as advocates of unbridled hedonism. The initial chapters of The Puritan Conscience and Modern Sexuality claim, with disarming caution, that within the context of marriage, the Puritans felt that "a steady emotional and moral tone" should be "integrated with an emotional warmth and erotic delight." Richard Baxter, for example, urged married couples to "keep up your Conjugal Love in a constant heat and vigor."

Leites then asserts that one "unintended outcome" of seventeenth-century Puritanism was a major change in the classification of gender. In the middle ages, women had been regarded as more strongly

dominated by the demands of sexuality than men, and less aware of the demands of morality. The Puritans abandoned this view of women, and invested the female conscience with a moral stature equal to that of the consciences of men. By the eighteenth century, women were seen as the more moral of the sexes, and their sexuality was viewed as correspondingly weaker. This reversal of the medieval characterisation of women served to reduce the demands which the Puritan ethic of moral constancy placed on men. Women assumed the full burden of living a life regulated by conscience, while men affirmed their own allegiance to moral constancy by demanding that women should behave in this strictly "moral" fashion.

Richardson's novel Pamela, the tale of a virtuous young servant-girl who resists the sexual advances of her master, Mr B, and is eventually rewarded when he marries her, would seem to provide a clear example of this symbolic division between female purity and aggressive male sexuality. As Leites points out, however,

Pamela's sexual orientation to the world is as steady as her morality. Richardson has her respond... with delight to Mr B's gorgeous clothes, with a sexualised fear of his monstrous Swiss servant, and with disappointment in the pallid parson.

This notion of a sexuality which remains constantly active is, Leites argues, in sharp contrast to the classical and medieval view of sexual desire as naturally fluctuating and transitory, in both men and women. The fact that it became possible to envisage a "steadiness of sexuality" is presented here as the indirect result of the Puritans' success in establishing moral constancy as a rule of human behaviour. Sexuality, the book assumes, has always been at war with conscience. By 1740, when Pamela was published, "a new and steady power over men and women within the Puritan tradition." Sexuality, therefore, in order to "defend itself," took on the character of its opponent. It, too, claimed to be a still at grips with the problems which the 17th century increase in the power of conscience produced. The tensions generated by the Puritan attempt to integrate eroticism and constancy, Leites observes lugubriously, loom so large in contemporary America that even the harsh world of works frequently becomes "a respite from a bome which aska for more than is possible."

The Puritan Conscience and Modern Sexuality is a lively and energetically argued book; the sharpness of its analysis varies considerably, but it is no less interesting for the ebullience, the slightly tortuous ingenuity, and the occasional bursts of eccentricity with which Leites pursues his central theme.

Chloe Chard

# Bronx man's eye on Ireland

**IRELAND: IN ALL HER SINS AND IN SOME OF HER GRACES** by J. P. Donleavy. Michael Joseph. £12.95, 223 pages

IRELAND deserves better than this. Marked as "a feast of anecdotes and autobiography," J. P. Donleavy's account of 40 years' worth of roistering around the capital and countryside of an island he came to as an undergraduate of Trinity College, Dublin, makes melancholy reading.

It was only to be expected that he would eventually fall victim of the dreary myth-making and heavy mysticism propagated largely by men and women born in America of Irish immigrant ancestry—reinforced by some Irish publishing and literary circles which assiduously sustain the sovereignty of the second-rate. To be fair, Mr Donleavy has struggled against it.

And to be fair, he has not struggled very hard. The Ginger Man, his first novel, was and is still a lively, original read, for all the probability—more evident now than a generation ago—that *succès de scandale* in its first Olympia Press edition was more potent than *succès d'artiste*. The Beastly Beasts of Balzhazar B is a dotty book. A Fairy Tale of New York is dotty and funny and sharp. Not all his work, in short, works. But there has seemed no reason to take him less than seriously.

There is reason now. This glossily produced chunk of non-fiction is almost unreadable. Cut off from his imagined characterisation (whose conversations led Kenneth Tynan

to say—it is reported here—that "my dialogue would be a godsend to British film") his literary fits run uncontrolled. His worst habit is to scatter full stops like confetti, reducing coherence to gibberish on the page, as in "The land where time cannot fly. To which the stranger comes. To be fleeced or fooled by the smiles, and... a big white British five pound note. Which in those days was majestically uncrawled in its own elegant flowing script."

Style aside, the portrait of the artist as a young man, crudely chalked as if on a pavement, has no substance; its dimensions are reduced to simple debauch, fist-swinging, and snobbery. There is more of influence in Ireland than this; and yet Ireland's special sins are worth attention—a collective capacity for violence twisted into savagery, narrow-mindedness turned into bigotry, nostalgia fossilised into intellectual paralysis, and drinking to a degree of social calamity.

Flickers of life put Brendan Behan and Patrick Kavanagh into prose turned with care for a subject as well as for language, but not even the description of Christopher Levenson Gower, who was the first love of the Duke of Windsor? Or of Ivor Grenfell, killed in a car crash in 1926, or of Stephen Tennant, happily alive today?

It is not these attractive and appealing characters that are the subject of Mrs Mackenzie's book. She links her story to that talented coterie of Balliol men who were killed in the Great War, and whose high promise was such that some dubbed them the New Elizabethans. She adds Ego and Ivor Charteris, but omits two Souls casualties, Percy Wyndham (only child of George Wyndham and Sibell Grosvenor, and author of the best educated, aesthetically house where the Souls met each Easter), and his cousin Edward Tennant, known as "Bin."

Mrs Mackenzie's heroes are Raymond Asquith, Julian and Billy Grenfell, Charles Liscar, Patrick Shaw Stewart, Edward Turner (so handsome he merits a better photograph than the unrecognisable snapshots reproduced). This group have been brilliantly described by their friend and Balliol contemporary

to reunite the two, against their wishes, and is so encouraged by the failure of this experiment that she sets up as a private detective in search of other missing persons.

A splendid idea for a story, particularly in the character of Hetty. Unfortunately though, the author begins to lose control towards the end. His sense of social realism, which has served him so well in the past, intrudes a little too far into what is otherwise a lighthearted and cheerful romp through the tribulations of senior citizenship.

Nicholas Best

Eton Volunteers on parade c 1914—from the book reviewed below

# Youthful genius blotted out

**THE CHILDREN OF THE SOULS: A TRAGEDY OF THE FIRST WORLD WAR** by Jeanne Mackenzie. Chatto & Windus. £14.95, 276 pages

WHAT WERE the stories of the children of the Souls? What was the life of Barbara Lister, author of one of the most charming books on Paris ever penned, and mother of Peter Wilson, creator of today's Sotheby's; or of her sister Laura Lady Lovat, who was known as Lady Love at First Sight? Or of Lady Rosemary Levenson Gower, who was the first love of the Duke of Windsor? Or of Ivor Grenfell, killed in a car crash in 1926, or of Stephen Tennant, happily alive today?

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L. E. Jones in *An Edwardian Youth*. They were all admirers, some suitors, of the much lamented Lady Diana Manners with her luminous beauty and Baltic blue eyes, whose high-spirited originality and myopia to the conventional made younger generations understand the allure of the Souls. She, too, wrote "beautifully about her friends."

The author has researched diligently through privately printed memoirs and privately owned letters and diaries. Her work is very thorough, but it does not alter the picture of these brave, high-minded men which one already knew. Mrs Mackenzie is an engraver rather than a painter; she has looked at a number of colourful oil sketches, and engraved them in black and white, filling in the copper plate with much additional detail. Her book is for the new reader, who will find it a useful, if lengthy introduction.

She seems to hold the view that patriotism is a concept once fashionable, but now in need of some explanation, like bi-metallism or the Oxford Group. She considers it to be inspired by a classical education, enhanced by Arturians legend, and therefore stronger among the best-educated. Not now the place or time to argue this notion, but I would disagree with the theory that this group of friends sought death with a "vain, romantic, sentimental" recklessness they all were. Ian Grenfell was a Happy Warrior who gloried in the field of battle. But life had so much to offer them, and they were too brave to refuse its duties, and too intelligent not to appreciate its rewards.

Jane Abdy

## BOOKS OF THE MONTH

Announcements below are prepaid advertisements. If you require entry in the forthcoming panels, application should be made to the Advertising Department, Bracken House, 10 Colindale Avenue, EC4P 4BY. Telephone: 01-245 8000 extn 4064. Order and payment for books should be sent to the publishers and not to the Financial Times.

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**FATHER'S LAW** by D. W. Smith. Macmillan. £8.50, 286 pages

**THE UNORTHODOX MURDER OF RABBI MOSES** by Joseph Telushkin. Collins. £8.95, 108 pages

IN Father's Law, a rather long first novel, D. W. Smith, displays an attractive, understated style, a keen sense of relationships, and a feeling for character (his protagonist, D. C. L. Harry Fathers, is particularly convincing). His pacing, however, works less well. Through-

out the leisurely beginning you have the impression you are reading a good procedural story about the daily life of the Serious Crimes Squad (is there also, by the way, a Frivolous Crimes Squad?); but then, after some seventy pages, the book makes a sharp turn and goes off in a different, equally interesting direction.

At the end, the story returns to Track One, and ends satisfactorily.

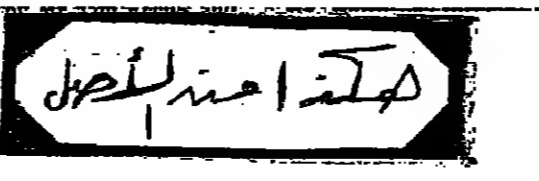
After the resounding and enduring success of Harry Kimmelman's fictional Rabbi David Small, it requires some courage

to write a murder story with a rabbi-sleuth and a Temple setting. Joseph Telushkin (himself an Orthodox rabbi) is not only brave; he is talented. His protagonist Daniel Winter has some of David Small's qualities: wry humour, humanity, stubbornness; but he is, all the same, a distinct and appealing individual. The story has some foxy twists and turns, and a thoroughly satisfying conclusion. This is a first novel; clearly there will be more. Good.

William Weaver



## CRIME



# World companies salute the Scottish enlightenment

## With one week to go until the opening of the 40th Edinburgh International Festival, FT critics select their highlights from this year's programme

### MUSIC

Max Loppert

**OPERATICALLY**, the 1988 Edinburgh schedule has a rather lean and hungry look. But at least one entry promises some authentic festival "clout"—the visit by the Malaya Theatre of Leningrad, one of the least travelled of Russian companies and also one with a high reputation in the West. The Malaya comes with two Russian masterpieces: Chaikovsky's *Oceanic* and *Queen of Spades* (Chaikovsky is one of Edinburgh's featured composers), and, as a novelty, the British premiere of *Mary Stuart* by the Leningrad composer Sergey Slonimsky.

In the line of *Carmen* and *Don Giovanni* of past seasons, the festival itself is initiating the opening show—Weber's *Oberon*: (interesting choice: maybe the idea, after Scottish Opera's recent disaster with the same piece, is to show them how it ought to be done...). Frank Dunlop produces, Seiji Ozawa conducts. Carl Tomos designs, Elizabeth Connell and Peter Lindroos take the leads, and the original (dreadful) Flanaghan text is reputed to supply the basis. The third main operatic event (to be given at Leith) is *Aida*, in the slimline production by Folk-Opera of Stockholm that has provided Swedish cultural life with a recent smash success. The music programme is the usual grand array of visiting orchestras: at the Usher Hall, and morning recitals and chamber music at the Queen's. This year's orchestras include the Toronto Symphony in a Stravinsky programme (with dancers) under Andrew Davis (August 28), a characteristic

Simon Rattle City of Birmingham SO feast of Berio and Mahler (August 30), a Scottish National Orchestra exploration of works inspired by Scott and Ossiaio (August 17). More predictable concerts are promised by the Moscow virtuosi (August 13), the Academy of St Martin's (August 15 and 16), the Chamber Orchestra of Europe under Abbado (August 18 and 19), and the Oslo Philharmonic (August 20).

Montserrat Caballé leads the procession of Edinburgh recitalists, among them Ivo Pogorelich, Nigel Kennedy, the cellist Heinrich Schiff, the excellent young French singers Catherine Dubosc and Francois Le Roux, and Irina Bogachova (principal mezzo of the Malaya company). The selection of contemporary music, for many years now the weak point in the Edinburgh line-up, is this year focused on the middle weekend, when the choice of the composer Alexander Goehr dominates seven fascinating, well-varied concert programmes: between them they add up to a tiny potted history of postwar music.

### BALLET

Clement Crisp

**CHIEF** dance interest in this year's Edinburgh Festival inevitably centres on the first British appearance of the Ballet of the Grand Theatre, Warsaw, with a staging of *The Sleeping Beauty*. The company, which celebrated its 20th anniversary last year, is large and the production has been mounted for them by Pyotr Gusev. One of the most memorable figures of Soviet Ballet, Gusev was an early star of the Leningrad Ballet, and later a producer and teacher. His version of *Beauty*

has been admired for its respect for the Petipa manner: I have had enthusiastic reports of his staging of the work for the Lithuanian Ballet, lately seen in Moscow.

It is worth noting that the Poles are bringing a group of 24 children dancers to provide the correct forces needed in the Garland Waltz in Act 1, and for the Liac Fairy attendants. The omens are good. The Poles can be seen in the dismal barracks of the Playhouse Theatre between August 18 and 23.

The Playhouse will also be home for the Ballet of the Lyon Opéra, bringing an adventurous presentation of Prokofiev's *Cinderella* by Maguy Marin, darling of the French modern dance scene. The cast is reportedly disguised as dolls and toys. On *opera*, between August 12 and 16, With thunderous archness the Festival brochure announces that the matinee on August 18 and 23 are "a special children's bargain" and that "adults are not allowed in unless accompanied by a child." I have always maintained that Good King Herod has been gravely misunderstood.

London Festival Ballet's concert group, LFB2, will play the Lyceum Theatre on August 11, 12, 13 (matinee and evening), with a triple bill of ballets created for them: Christopher Bruce's *Fraught Lond*, Michael Clarke's *Labour of Drop your pearls*, and a brand new *Perushka Variations* by John Neumeier.

### FILM

Nigel Andrews

**LATE** programme publication means that the Edinburgh Film Festival (August 9 to 24) can

be greeted only with sketchy prognostications at this stage. A glance at the main events, however, suggests the mixture as before from festival director Jim Hickey: for both good and ill. For good in the premiering of promising home-grown movies and in the round-up of top films from previous 1988 festivals: Neil Jordan's *Mona Lisa*, Tarkovsky's *The Sacrifice*, Jim Jarmusch's *Down By Law*, Dorris Dorrie's *Men*, Eugene Cor's *Desert Bloom*, Fredi Murer's *Alpine Fire*. For ill in the scarcity of the kind of retrospectives and mini-tributes which used to barrack the Edinburgh festival in the 1970s and give it distinction and character.

This year we have only a homage to Bernard Vorhaus, a little-known German-born director who worked in England and Hollywood before the McCarthy era terminated his career, and yet another foray into the Far East. For the third year running Orientalophile Tony Rayns plunders Japan, China, Taiwan, Hong Kong and the Philippines. Admirable and intrepid as Rayns is, are there no other parts of the world Edinburgh could start plundering, just for a little variety?

But there is still plenty to detain movie zealots in Auld Reekie. Gird up your stamina for a newly restored print of Eric Von Stroheim's silent classic *Greed*, with Carl Davis conducting his own specially composed score. Other goodies promised are films from six young Australian directors, the latest movie from Jean-Jacques (Diva) Beineix and the usual assortment of weird and frequently wonderful, low-budget films from America. Highly touted among the latter are David Byrne's rockumentary *True Stories*, featuring Texas locations and the Talking Heads, and Bill Sherwood's

*Porting Glances*, about life among gay yuppies in New York.

### THEATRE

Michael Coveney

**FESTIVAL** director Frank Dunlop's invocation of the old Peter Daubey tag "World Theatre Season" is all too appropriate for the international bill of fare this year. Andrzej Wajda, Ingmar Bergman and Nuria Espert were all star participants in those halcyon but often underappreciated seasons at the Aldwych Theatre. Espert's *Yerma*, a sensationally erotic performance on a trampoline about a barren Spanish peasant, is revived to establish the link.

Wajda's *Stary Theatre of Krakow* production of *Crime and Punishment* will be eagerly compared with Lyubimov's recent Almeida version; his *The Possessed* was one of the best Dostoyevsky theatre evenings ever and a highlight of Daubey's old World Theatre Seasons. Bergman is represented by two productions: the Bavarian State Theatre in Insen's *John Gabriel Borkman* (which I much admired in Paris last year) and the Royal Dramatic Theatre of Stockholm in *Miss Julie*.

Last year, the Toho Theatre of Japan had a huge success with their *Samurai*, cherry blossom Mochery and they return with an all-time *Medea* to be given after dusk in the old courtyard of the University's Old College.

The Enlightenment theme is less enticent on the theatre programme, where the Signet Library plays host to Allao Ramsay's *The Gentle Shepherd*

and John Home's *Douglas*. Pious expectations, let us hope, will be pleasantly confounded. More straightforward debbits should emanate from the Chinese Magical Circus, the Wooster Group from America (showbiz apogee for the Performance Group and Spalding Gray) and the irresistible Flying Karamazovs—hippie jugglers with a remarkably unstated turn.

David Threlfall, the neuroathletic harrack of a *Smile* in the RSC's *Nicholas Nickleby*, is giving his Hamlet with the Oxford Playhouse Company and Rikki Fulton repeats his wonderful 1985 "bourgeois gentleman" Archie Jenner of Princes Street, in the Scots *Mollie A Wee Touch of Class*. Jimmy Logan fights back as Harry Lauder.

On the fringe, there are always shows with titles like *Intimate Memoirs of an Irish Taxidermist* and *The Wobbling Spanky Bolly Show* (new comedians with a lot of cheek, I gather), but I certainly intend to begin at the borsari (under Jenny Killick) Traverse, which offers new plays by Tom McGrath, John Clifford and the great Peruvian novelist Mario Vargas Llosa.

The Assembly Rooms in George Street, the great cattle-market of alternative comedians and hangers-on, plays host to the Abbey Theatre of Dublin in Tom MacIntyre's *The Great Hunger*, which wets the appetite. Unmissable at the same venue is Barry McCover's *I'll Go On* monologue from the Gate in Dublin, which has the considerable double virtue of introducing you to a great Irish actor and reminding you that Beckett is, in the first place, a great Irish writer of comic prose.

I would ponder a revival of Camus' *Les Justes*, a fine play

about the ethics of terrorism, at the Adam House Theatre, and seriously consider a Nottingham student production of the Tudor comedy *Ralph Roister Doister*. Tic Tac from Coventry will be worth a look at Heriot Watt, and the Hole in the Ground at Castle Terrace is always an interesting venue. The Lavender Menace Book Shop presents *Muscles* and *Pink Socks*, touted as "High Gay Style for absolute beginners" if you're feeling, so to speak, bold. The Cambridge and Oxford revues will no doubt be as dire as usual.

Star individual turns in the Assembly Rooms are likely to be Jools Holland, the admirable presenter of Channel 4's *The Tube*, with his own piano cabaret, and gifted mimic Rory Bremner who is not, after all, related to Richie Benaud. Had me fooled there for a minute, though, Peter. That was a very good effort.

### VISUAL ARTS

William Packer

**THE EDINBURGH** Festival is never pre-eminently a festival of the visual arts, but a nod at least is always made in their direction, and the national and local institutions of the city, to say nothing of the private dealers, can usually be relied upon to rally round in their own

good cause. The given theme this year is The Scottish Enlightenment, to which three major exhibitions address themselves. At The Royal Museum of Scotland, a Hotbed of Genius will give a sociological, historical and general account of the great years of Scottish intellectual achievement and expansion between 1730 and 1790. The Golden Age, at the Talbot Rice Art Centre, is concerned with Scottish painting in that same period, centred upon Ramsay, Raeburn and Wilkie. And *The Enlightenment Scot*, at the Royal Scottish Academy, documents the familiar collective ingenuity of that extraordinary nation.

Other exhibitions will include *Scottish Art Today* at the Edinburgh College of Art, a survey of current activity at a notably lively time; a full retrospective of the work of John Bellamy, at the Scottish National Gallery of Modern Art; *Printed Light*, the pioneering photography of Fox Talbot, Adamson and Hill, at the Scottish National Portrait Gallery; and *Lighting Up the Landscape*, French Impressionism and its origins at the Scottish National Gallery.

And of course the Fruitmarket, the 369 Gallery, the Scottish Gallery, the Mercury Gallery, Richard Demarco and all the others in the private sector, will be making their usual contribution to the Festival, for all those who can't look.

### Useful Edinburgh telephone numbers

International Festival information:	031-226-4001
International Festival Box Office:	031-225-5756
Fringe information:	031-226-5257/5255
Film Festival:	031-228-2688
Jazz Festival:	031-557-1642/1541
Traverse Theatre Box Office:	031-226-2933
Military Tattoo:	031-225-1188
Tourist Information/Accommodation:	031-557-3727

## Miraculous echoes

**OPERAS** have been staged in the Stottchester, at Drothingholm, both the home of the Swedish royal family and the Stockholm ever since the mid-18th century. In the early 1800s, how so much of the original fabric and stage-machinery had survived intact for more than 150 years is little short of a miracle, after the assassination of Gustav III, the famous Swedish King, in 1792. The theatre seems to have been allowed to fall into benign neglect, used only by the children of the royal court as a playground, perhaps the most enchanting Wendy House anyone could hope to have.

Drothingholm has really gained an important place in the international opera calendar only in the past six years, since Arnold Ostman took over as artistic director. Not content with staging the original 18th-century sets (or rather exact copies of the drops that had survived) and the machinery, he also set about reinventing the precise musical style of the original performances. His fidelity to the minutiae of his recreation is remarkably high. Lighting has had to be replaced by electric surrogates (because of the fire risk) not only because the substitute is much less plastic and suggestive, but because the smell of the wax must have been powerfully evocative. As he points out, we now experience the opera performed in an "old" building; in the 18th century the theatre would have been new, freshly painted, so that the simulation 200 years later can never be absolutely precise.

For Ostman's paramount concern is with style; it's a term he uses constantly when referring to his work at Drothingholm, and it seems much more appropriate than the current modish "authenticity" for it is embracing, setting a complete theatrical world that was blown away by 19th-century romanticism. In Britain his work is known from his appearance at Covent Garden in 1984 to conduct a revival of Don Giovanni, and from the Drothingholm recording of *Costa*, his title released by Decca last year.

The *Giovanni* was a shambles, because neither the cast nor the orchestra was able (or willing) to realize Ostman's demands; his concern for textual clarity, his swiftness of tempo and articulation, his attitude to ornamentation. In the *Costa* also there are shortcomings—the record company chose to replace the original light-toned Swedish cast with whom Ostman had developed the production with a supposedly international cast, which was thought to carry more commercial weight. (I'm convinced that was wrong; the set has sold very well, but it has sold, surely, because of Ostman's radical re-arrangement of a familiar Baroque masterpiece rather than the attraction of this or that particular singer.)

In its natural environment, in a theatre that seats only 450 and with all the ushers and orchestral players also in 18th-century costume, the illusion is almost perfect, and Ostman's achievement comes into proper

focus. The balance between singers and orchestra is effortlessly right, the musculature of the orchestral playing, which had begun with great energy and pungency, began to falter a little, and the old accusations laid at performances of period performances, those of uncertain intonation and tonal thinness, began to have some point. But in Don Giovanni the following evening there was never a suggestion of such problems; indeed the whole opera coursed with a liveliness and dramatic intensity that clearly stemmed from Ostman's urgency in the pit, but which was realised fully in Jarvafelt's staging and in the singing of a remarkably coherent and expert set of principals.

It was by any standard a quite remarkable performance and it is a long time since I have heard this opera delivered with such instinctive theatrical sense and impeccable musicianship. There was not a great deal of extraneous stage business but what there was sharpened still further the edge of tragic-comedy on which the opera is so finely balanced. This was a *Giovanni* of many primary colours, a comedy with dark undertones rather than a fundamentally black and lowering edifice. The menace was always there but it did not prevent the wit coming through whenever the opportunity presented itself.

For once the cast really looked as if it was involved in the events that were being unfolded, and Magnus Lindor, white-faced Giovanni set the tone, a man living life at ferocious speed in the first act (his Champagne Aria was delivered at a riotous gallop, a concentrated outburst of exuberance), and swiftly burning himself out in the second, so that his final disintegration, the make-up crumbling, his servants in *opero roval*, became that much more real. His descent in hell was musically terrifying too, punched out by Ostman and the orchestra with the wild making their raw, stabbing intonations more telling than ever.

Perhaps Sylvia Lindentstrand's Elvira was rather cloudy and inchoed to hysteria, but Clarry Bertha's Anna looked and sounded just right, and maintained a barely suppressed fury from the moment of her father's murder until the final scene. Hilleri Martimpello was another find as Zerlina, a generous, easily scared girl, whose near-rap by Giovanni at the end of Act 1 seemed unusually affecting.

Most impressive of all, however, was the Otavio of Stefan Dahlberg, not at all the portly, middle-aged wimp of so many productions but a decisive, dominating figure, an authentically virile counterpart to Giovanni, who also just happens to possess a tenor of startling control and tonal fluency, and whose two arias were the high points of the opera. Such luxuries though were really bonuses, surmounting a production that seemed to justify Ostman's aims in every respect and which recreated the 18th century in an utterly credible and often deeply disturbing way.

Andrew Clements

that was with spirit and dramatic bite.

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Tiger, tiger—Paul Tracey and Deborah Rubin at Kew

THIS used to be a saying in ruthlessly competitive Hollywood: "If at first you don't succeed, goodbye." Today, if at first you don't succeed you can always end up in video.

*Explorers* (CIC) is the most famous "missing" film of 1985. Costing \$20m and directed by Joe Dante of *Gremlins*, it was Paramount's bid to rival *Back To The Future*: a sci-fi gymnast with special effects by *Light and Magic* (of *Star Wars*, *ET*, and *Co*) and creatures by creature maestro Roy Botto, plus a story about three boys who build their own spaceship to answer the call of extraterrestrial tapings into one of the group's home computers.

The movie crash-landed at the US box office and never showed up in British cinemas at all. Now the bizarre work

appears on video and it proves not so much a simple failure, more two different but intriguing movies painfully yoked together.

The first hour whisks us enjoyably round Smalltown, USA (the setting for almost every hit Spielberg-style film in recent years) as the youngsters build their spacecraft from dustbins, a big-dipper car and assorted bric-a-brac, then barossa a passing force bubble and prepare for lift-off. But once in Outer Space the whole story changes

## More tropical news

**FOLLOWING** Boorman's film *The Emerald Forest* and co-anchoring with Jack Pizze's BBC TV series on South America, Performance Art now gets in on the act. Good causes and theatrical history converge at Kew Gardens where the company Lumiere & Son are presenting (last performance this evening) a spectacular and stylised ramble through a tropical rainforest by day and night; and thus provide the first theatrical show ever given in the Royal Botanic Gardens.

*Deadwood* is mounted under the auspices of the Waterman Arts Centre, situated just across the river. This explains the presence on Thursday of the Mayor of Brentford: tricky protocol led to his colleague of Richmond, in whose territory the performance actually takes place, being invited on another night. In conjunction with the pro-forest organisation Earth-life much goodwill has been generated for the project.

Darkness falls and the spectators—an estimated 1,500 on Thursday—are conducted along paths through copses and spinnies. Floodlit trees and clearings reveal the occasional humans perched, dangling or fitting. Slightly evocative in Katy McPhee's costumes, with faces painted, humanoid tigers, orangutans, armadillos, maromets and even fungi are glimpsed. A troop of soldier

ants in shiny black uniforms eternally pace out their territory. Grasshoppers in green jodhpurs caper choreographically; big cats lounge, sleepily meowing.

The shy nocturnal species, critics advise, is slipping aggression with its traditionally brushed notebook, responds to the Red-Badger Official's repeated cry of "Howja-likethen?" with the warning snarl of its kind. The sound-track lulls with anthropomorphic whimsy ("Breakfast goes on all day... You may get trodden on but don't take it personally"). The criticus adiposus is; but tries not to.

Lumiere & Son have again produced a beautifully-drafted spectacular with an unimpeachable message: reminiscence of the balletic hordes of bumao musical instruments in their *Vulture Culture*. Hilary Westlake again devised and directed. Jeremy Peyton-Jones's music is richer than mere minimalism though showing the same faith in minor-key ostinatos. Simon Corder's technical direction and lighting are an extraordinary achievement. And yet one is left waiting more; and the criticus adiposus's heart-rending cry of "More substance! More substance!" echoes through the nocturnal glades.

There is limited mileage in fur-jacketed actors hanging upside-down from branches, and that danger sign in spectators

poorness, the tendency to mill around aimlessly, is too apparent. The show's centripiece is a carefully choreographed encounter of culture spat outside one of the lovely jungle disappear as they are illuminated inside. Feathered Indians advance, retreat, the disappear inside.

The epilogue similarly use a Palladian pavilion for its self-justifying speech of the commercial exploiter as three tenebrous creatures emerge from the woods to combine in the inexorable, repetitive ballet, sort of minimalist dance. The ecological message is clear an urgent (a few more acres of jungle disappear as you read this) but here it is vitiated by pre-emptive mock-poetic language and a tendency to lose the thread in a welter of striking effects.

The show's duration unpredictable. Thursday's performance was a good half-hour longer than the previous evening's. The criticus adiposus is; but tries not to. His feet tender, his stomach rumbling, he flutters homeward gratefully aware that a species is safe for a little longer; though further open-promenade productions of weather less halmy than this summer's may see a shad dimmition on the numbers; in this elusive, sweetly-singit little creature.

Martin Hoy

### Video

## Blockbuster follies

There is a late explanation, of sorts, for the film's sudden volte-face from small-town naturalism (with fantasy frills) to all-out surrealism. But no one could pretend that it works. The pity is that each half of the film succeeds splendidly in its own right. The boys' story has a loose and larky charm, and the ET with his runaway snow-biz stink is uproariously funny. Perhaps some Kevin Brownlow of the future will stumble on the original film cans and wield creative scissors to give us two

gear. Our heroes are sucked into an alien starship and meet two demented extra-terrestrials (one is the Muppet Show). They are large, green and pop-eyed like pantomime aliens. One is a simpering female, the other cracks jokes, sings, and does impersonations ("What's up, doe?") while a screen behind him explodes with TV commercials or clips of B-movie hokum from planet Earth. The boys, and the audience, do not know what has hit them.

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### Radio

## Equal to Joyce

I liked *The Moral Meal* on Radio 4, but it didn't go far enough. Puritans may buy their rice from Surinam rather than Italy, may buy only New Zealand butter, or cane sugar, on political grounds. What I would have liked to hear was a humanitarian case for the vegetarians and vegans, and we only had Rabbi Blue, who cuts eggs and fish, and avoids meat on the sentimentalist ground. Come to think of it, many of the moral judgments we beset were sentimental at base.

David Buck's picture of the Berlin Olympics in 1936 was like Leni Riefenstahl's *Conflict of Doves*, Radio 4's Monday Play, contains a lot of his own inventions—conversations between Hitler and Goebbels and Avery Brundage and Riefenstahl; Riefenstahl's seduction of a Greek athlete; her conversation with an anti-Nazi Richard Strauss. But in making her film of the Olympics, Riefenstahl's object was artistic perfection rather than the elevation of the Nordic race. Mr Buck's object

was an exciting play, and that is what we had, even if we could not always believe what we heard.

John Castle played Hitler as a pleasant man of young middle age, Cheryl Campbell played Riefenstahl as a young woman whose adherence to her principles overcame any natural pleasantness she might have had. Only in her last, long scene with Strauss (initially played by Michael Gough) did she sound truly human. There are no lines for Jesse Owens. Martin Jenkins's direction was full of interesting detail, but the hell to the Olympic bell-tower ("I'm in E minor," said Strauss cryptically) had too much the sound of Westminster.

B. A. Young

achieved masterpieces instead of one schizophrenic folly.

In a month for blockbustier you may also camp high. Hudson's *Revolution* (Warners), which famous sent Goldcrest spinning into it red. (You've read the hat statement, now see the movie. And though hardly blockbustier, *Windtalkers* (Warners) is all the stuff of which industry is made. Here the top cinematographer, Gord Willis (of *The Godfather* at *Monhaton*) making his directing debut, here is a promise suspense plot about a faceless killer stalking New York, at here is a stalwart cast led by Talla (Rocky) Shire. But heigh, the film died in America and never came to England. Dramatically, it is also a non-But stylistically it suggests some one should give Willis another try. His marvellous visuals—gaud verticals and eer lambent overlaps of light and colour—make New York geometric Wonderland.

Nigel Andrew

World Chess Championship

K v K—why there's fear and loathing in Park Lane

UNSUSPECTING tourists at London's Park Lane Hotel could have witnessed a bizarre sight last Sunday...

He should have wrapped the match up, but allowed Kasparov to struggle on with an exhausting series of draws.



No love lost: Karpov (left) squaring up to champion Kasparov in London

But the event itself can hardly be described as innocent. The two players share one thing apart from a genius for chess...

Karpov insisted that he had wanted to continue, but Kasparov has never forgiven either man for the incident...

Jonathan Tisdall, who was covering the event for Reuters, told me: "I was standing way back in the auditorium...

A campaign through the international media in an attempt to get the match aborted, even appearing on the Terry Wogan show in Britain...

When the match started, Mecca, the London bookmakers, gave odds of 2-1 against Karpov winning the most games...

Kasparov has the stellar 2740. (Americans will be quick to point out that Bobby Fischer achieved the all-time peak of 2780 after he beat Spassky in 1972.)

playing to the highest artistic and sporting standards whatever the situation. Karpov, on the other hand, believes in economy of effort, arguing that, since chess is a functional game, the efficient is also the beautiful.

After two games of the match, most of the action has taken place off the chess board. Karpov insisted that the wheels of his deluxe reclining chair were too slow to allow for a speedy getaway...

He then insisted that its legs be sawn off to the extent of exactly two centimetres. No-one has yet repeated the Spassky "chair gambit" in which the ex-world champion complained in his match with Fischer that the American was emitting mind-numbing roars from his chair.

Between the legs of the table, facing the audience and sandwiched between two Soviet flags, is the most unmarxist slogan, "Anno, anno" (Year, year).

According to Robert Wade, the English chess master covering the London event for *the Independent*, "Kasparov may have to wait half-a-dozen games before he gets another such simple chance to beat Karpov."

In another Filipino gambit, the president is insisting that the \$610,000 prize fund be lodged in a Swiss bank account operated by the world chess federation.

What about the games? Number one was a washout. Kasparov, playing black, essayed a defence, the Grundfeld, which he has never played in serious games before.

In the second session, Karpov wriggled out after a total of seven hours play. According to Robert Wade, the English chess master covering the London event for *the Independent*, "Kasparov may have to wait half-a-dozen games before he gets another such simple chance to beat Karpov."

Dominic Lawson

American Football

Dallas comes to town

TOMORROW WEMBLEY Stadium is sold out for a football game. The participants are not Manchester United or Liverpool but the Superbowl champions, the Chicago Bears, and the Dallas Cowboys.

The growth in interest and the high cost of kitting out a player (\$350-plus) have created a burgeoning mini-industry supplying football paraphernalia.

Jonathan Tisdall, who was covering the event for Reuters, told me: "I was standing way back in the auditorium. But the look of hatred that Karpov had at Kasparov after the final game cut right through me."

One of Campomanes' arrangements was that should Karpov lose the second match, he would have the right to an immediate rematch. It is this which is now taking place in the Park Lane Hotel.

When the match started, Mecca, the London bookmakers, gave odds of 2-1 against Karpov winning the most games, while Kasparov was at 4-9 on.

Only the first half of the 24-game match will be played in London. Then the players and their teams will leave their "safe houses" in the bourgeois fastnesses of South Kensington and St John Wood, and aeroflot to Leningrad for the final shoot out.

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Philip Coggan

F.T. CROSSWORD PUZZLE No. 6089

Crossword puzzle grid with clues for Across and Down. Includes a 'CINEPHILE' section with movie-related clues.

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4A 3DF, Solution next Saturday.

SATURDAY

Television and radio schedule for Saturday, listing programs like 'The Flintstones', 'The Simpsons', and 'The Simpsons Movie'.

TELEVISION AND RADIO

Television and radio schedule for Sunday, listing programs like 'The Simpsons', 'The Simpsons Movie', and 'The Simpsons Movie'.

YORKSHIRE

Local news and events for Yorkshire, including mentions of 'The Yorkshire Post' and 'The Yorkshire Evening Post'.

ACROSS

- 1 Punishment for athlete? (4, 4)
2 French reception, not English, in two yards (6)
3 Greek letter (that's correct) might feed love (5)
4 Dog losing head in race makes a song and dance (9)
5 Coinage struck by Giles Moon (9)
6 Change to 'old an' orse' (5)
7 Journalist's drawback has a name (6)
8 Food for loveless speeches (7)
9 Household god of American town, possibly a cat (7)
10 Song words, maybe Cyril's (6)
11 Welsh house for Trade Union donor (5)
12 Strange life in electrical unit a long way off (3, 6)
13 Creature on a river, crazy and sick with love (9)
14 Excel in striking note (5)
15 Whip flails unfinished article, lacking in patience (6)
16 How words are got in by say Swede? (6)
17 Decent fellow in colour (6)
18 Wound of earlifer time to fuel stove (3, 6)
19 Sailor gets round on autumn winds... (see 6) (4, 2, 3, 6)
20 I read "Mr", maybe implying "Mrs" (7)
21 (see 4) ... handmaster beheld by non-foe, strangely, he does everything badly (3, 6, 2, 4)
22 Slave, as max is to Fate? (5)
23 Lady official of former time in service (8)
24 Low sound of odd drink turning up (6)
25 Excel in striking note (5)
26 Whip flails unfinished article, lacking in patience (6)
27 How words are got in by say Swede? (6)

DOWN

- 1 Punishment for athlete? (4, 4)
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SOLUTION TO PUZZLE No. 6088

Solution to puzzle No. 6088, including a grid and the words 'ANGLIA', 'GRANADA', 'SCOTLAND', 'YORKSHIRE', 'TYNE TEES', 'ULSTER'.

SOLUTION TO PUZZLE No. 6089

Solution to puzzle No. 6089, including a grid and the words 'ANGLIA', 'GRANADA', 'SCOTLAND', 'YORKSHIRE', 'TYNE TEES', 'ULSTER'.

# WEEKEND FT

Saturday August 2 1986

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

## Hitler's unfriendly games

### Exactly 50 years ago Nazi Germany turned the Berlin Olympics into a political circus. But sport won, as Rupert Cornwell reports.

**B**ERLIN'S OLYMPIC stadium is probably the only surviving monument of the Third Reich that is a protected historical site. It is a tribute in great half-weathered blocks of limestone, granite and marble to the eternal engineering genius of Germany, a structure that was the marvel of its day. Even now, empty but for a handful of television technicians preparing for a big athletics meeting, it recalls and transcends the regime that built it.

It is not on architectural grounds alone that the stadium demands its place in history. The entanglement of politics and sport is a truism—as the partial boycotts of the past two Olympics, and the gradual disintegration of the Commonwealth Games in Edinburgh, testify. Never, though, has a sporting festival been so blatantly and successfully employed for the ends of politics and propaganda as were Hitler's Olympics, exactly 50 years ago.

Today, the 350-acre complex (once called the Reichssportfeld) and its appendages, laid out in what then was virtual countryside to the west of the old Berlin, bear ironic witness to the final consequences of his lunacy. The old Olympic village, a few miles away in what is now East Germany, is a barracks for Russian troops.

The stadium lies in Berlin's sector of the divided city and administration of the complex was handed back to the local authority 13 months after the Second World War ended. But what was once the "house of German sport" on the north-eastern edge remains the British military headquarters in Berlin.

Just behind the stadium is the *Majfeld*, conceived as an assembly area for Nazi rallies. Now, British soldiers play polo and rugby there, and every June, Her Majesty's garrison holds its Queen's Birthday parade on a field of ghosts where 500,000 Germans once would gather to pay homage to the splendour of the Reich.

Hitler at first foresaw neither sporting honours nor the military memento that would follow. He had once even dismissed the Olympics as "an invention of Jews and Freemasons." Initially, he showed little interest in the games, which were to be held in Germany to replace the 1916 Olympics, due to have been held in Berlin but lost to the First World War. His attitude changed when he came to power.

On March 16 1933, after barely six weeks in office, he was telling the German Olympic authorities of the "propaganda importance" for the "new Germany" of the celebration more than three years ahead. The entire apparatus of the interior and propaganda ministries was placed at their disposal. "Wir wollen bauen," "we want to build," was his watchword. The smaller arena, constructed for the 1916 games, was deemed inadequate.

An entire complex would be built in its place. Its completion was a new stadium costing 50m Reichsmarks (19m in 1986 money) and seating 100,000 people. Its architecture was awe-inspiring yet graceful, its amenities unrivalled. In 1934 it acquired some airy, transparent roofing over the main stands. But even now the shades of 1936 haunt the place. Hidden in its bowels is a labyrinth of rooms and corridors linked to a broad road tunnel, invisible beneath the 1938 Olympics, were at the dawn of the television era. Decoding cables that helped to power those first outside broadcasts are still to be seen, in dusty, underground chambers.

However, for the athletes of five decades ago the stadium was a wonder of the world. "I went to Los Angeles in 1932 and they built a pretty reasonable one," says Godfrey Rapppling, hero of Britain's victorious 4 x 400 metres relay team in Berlin. "But the German one was magnificent. I had never seen anything quite like it."

That, of course, was exactly as the Third Reich intended. Hitler's purpose was to turn the Berlin Olympics to many, sometimes conflicting, purposes: to galvanise German youth; to impress and inebriate the rest of the citizenry—and to dazzle the outside world while reassuring it (a bare few months after the remilitarisation of the Rhineland) that the new Germany was not as menacing as was already being claimed.

The *Reichssportfeld* was a vital ingredient in this propaganda brew. "It wasn't so much a stadium and surrounds as a political statement," according to Professor Hajo Bernett, a sports historian at Bonn University and creator of a major exhibition to mark the anniversary. Behind the main tribune of the *Majfeld* was a shrine to the German dead of the Great War, which Hitler visited on his way to open the games on August 1 1936. "This was an essential symbol, linking the cult of youth with death in battle," says Bernett.

A similar striving was evident in the Olympic "art" of the time—namely the colossal brown white statues of athletes, ephebes and naked swordsmen that still dot the stadium's surrounds; all of them joyless, martial monuments to youthful power hit designed to show the spiritual affinity between Athenian Greece and the renaissance Reich.

For ordinary Germans, however, such trappings were of less relevance than the months of fanfare that preceded the Games. The venerable Richard Strauss was commissioned to compose an Olympic hymn. Essays on what the Olympics meant for the new Germany were obligatory fare for schoolchildren. An Olympic procession, a huge column of cars complete with mobile exhibition, travelled the length and breadth of the country. That winter, the nine-ton Olympic bell, forged in the foundries of Bochum in the Ruhr to adorn the 70-metre-tall bell tower above the *Majfeld* tribune, made a royal progress, worshipped like a golden calf by pagan multitudes, along the icy roads to Berlin.

In the capital, no one could ignore the enthusiasm as the climax drew nigh. High jump silver medalist Dorothy Odam, now Dorothy Tyler, was only 16 in 1936, the youngest member of the British team. She remembers "the mass hysteria, like a festival. Young people were everywhere." But while the exhilaration was so skillfully fostered by Dr Josef Goebbels and his propaganda ministry, the reasons for it may be seen more profound.

Walter Volle, who looks as fit aged 72 as he was when he won a gold medal for Germany in the coxed fours rowing in Berlin, would consider himself no apologist for the Nazis. "The enthusiasm was not really for the regime," he argues. "In the early 1930s, things were very bad in Germany. Weimar had seemed too weak and there was mass unemployment. By 1933 optimism was growing again. But you have to admit, too, some of the Nazi measures were positive. They got people off the streets and gave them work."

It was, however, to the problem of concealing the less positive aspects of the regime that the Fuehrer devoted at least as much of his attention. Well before the anti-Jewish "Nuremberg laws" of September 1935, the racist theories and deeds of national socialism were generating pressure for an international boycott of the games. And even the vice of Nazi censorship could not prevent awareness in Germany of the foreign mood, especially in the United States with its large Jewish community.

The first demands in the US for a boycott surfaced as early as 1933. In 1934, a mock trial of the Berlin regime was held in New York and attended by 20,000 people. Protest, sometimes violent, often occurred. In response, and as the games drew closer, the authorities in Berlin adopted a less provocative approach.

However, two events above all staved off a dreaded American decision not to take part. In 1935, Avery Brundage, the chairman of the American Olympic Committee (AOC), made a fact-finding trip to Germany. He met the head of the Jewish Sport Association in the Kaisershof hotel in Berlin. Unfortunately, however, the simultaneous presence of senior officials of the *Reichssportfuehrung* proved somewhat inhibiting. Brundage, a dogged believer that sport was sport and politics another matter entirely, could go home and report that all was comparatively well. By two votes, the AOC agreed to go to

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Berlin. Then, late in 1935, the regime drew much of the boycott movement's fire by inviting the half-Jewish but eminently Aryan-looking Helene Meyer, a fencing gold medalist from 1928 but by now an emigrant to California, to return home and join the German team. She did so, and won a silver medal. But another Jewish athlete was less fortunate.

Gretel Bergmann had recently broken the German high jump record and looked a possible winner of the event. A fortnight before the games, she was told that her "weak performances" did not entitle her to take part. The letter added insultingly that, of course, if she wanted to attend as a spectator the authorities would pay her expenses. In the end, though, only individual Jewish sportsmen from other countries boycotted Berlin: 32 nations took part and the only important absentee was the Soviet Union (although it did not attend an Olympics until 1952).

Outside America, the boycott movement had also lost steam. Goebbels' propagandist skills proved more than a match for the evidence of the real aims of the Nazis. The Berlin Olympic village was only a dozen miles from the Oranienburg concentration camp to the north-west but, as Rapppling recalls: "The stories about what was really going on in Germany were only seeping through very slowly. Only a small minority felt we shouldn't take part. No one could really imagine the dreadful war Germany would go to."

The Germans naturally took every precaution to see that such embarrassing facts were kept out of the athletes' way. One method was a "special commando" from the main Charlottenburg post office which checked their mail. But no system was perfect. "We were given booklets showing how industry was booming and so on, and we had guides and interpreters to take us to the shops," Dorothy Tyler remembers. "But once, one tried to stop us going into a Jewish shop, a shoe shop. For us, it was a game. We thought, oh, you stupid woman, and went in anyway."

Once the games had started the Germans, inevitably, were under huge pressure to succeed—as, indeed, they had been since 1934 when banners would unfurl at sporting occasions proclaiming "German athletes are thinking of 1936; we must not disappoint our Fuehrer, Adolf Hitler." The rowing events were held at Grenat, now in East Berlin, and Walter Volle will never forget the rhythmic chanting of "Deutschland, Deutschland" from 30,000 spectators avid for a home victory.

Hitler was in the stands, too, watching proceedings through field glasses and thumping his knee in time with the chanting, which all but destroyed the rhythm of the oarsmen's stroke. After the German four had won, an adjutant came to the shower room saying cars were waiting to take them to the VIP tribune. "They were all there, to congratulate us—Hitler, Goering, even Leni Riefenstahl, the film-maker, with a camera team. We are so proud of you, Hitler said. It was the win which put Germany in the lead in the medal table; we must keep this lead, he told me."

thanks to Jesse Owens, that America's "Negro" tribes. Historians still argue about the circumstances of Hitler's refusal to hand Owens to his box after winning the first of his four gold medals (in the men 100 metres) that August 3, a Monday. But if it was a snub, then Owens' consummate revenge in the long jump where he defeated the great German hope, Luz Long, in the most dramatic circumstances.

The duel persisted until the end. Rapppling was watching from halfway up the stands as Owens embarked on his last jump. "There were 100,000 people there but it was so still it was eerie. The win wasn't strong but you could hear it flags above flapping lightly against the poles. Then, Owens was off. He sprinted down the track and took off. He beat everything: Long, the Olympic record and the world record. A huge groan went up from all the Germans, but Luz went and put his arm around Owens' shoulder in congratulation."

At such electrifying moments do sport transcend everything? Whatever the odious doctrines of the regime, it Berlin of 1936, as the Berlin of 1986 held Jesse Owens to his heart. His name is there, engraved on the roll of Olympic victors above the marathon gate at the western end of the arena. The road leads to the stadium, next to its long closed S-Bahn station which once had 12 platforms, is now called Jesse Owens Allee.

Even the stifling German obsession with organisation, and the pervasive militarism—typified by the hundreds of tramping youths whose early morning marches would wake Dorothy Odam at the PE school where the British girls were lodged during the games—could not prevent spontaneity breaking through. Volle recalls a warm evening at the Olympic village as a group of Hawaiian swimmers were playing songs on the guitars. "Then, some German came out on the grass and joined in with accordions. A concert just happened without any planning. That really made a big impression on me."

Should that concert and the Olympics have happened at all, though? Arguably still rages on whether a boycott might have inflicted a fatal blow to the prestige of the Nazi regime. Undoubtedly, the mood of the time conspired to create readiness to be deceived and your athletes, they as now, wanted simply complete. Ramping catches the different generational viewpoints: "We were interested in politics and there were the divisions we saw about going to Moscow games in 1950. Personally, I thought that was monstrous. But it had been young, like I was in 1936, probably wouldn't have felt like that at all."

Another German participant puts it this way: "You can't separate sport and politics. Statesmen like sport and so do the voters. Even if the 1936 Olympics had been boycotted, it wouldn't have changed political developments here afterwards."

Ironically, the philosophes of Germany in 1936 are best traced today not in West, but East Germany: both in the repressive character of the regime and its policy of making sporting excellence serve greater national goals. A decade after the Olympic propaganda triumph, Nazi Germany had been comprehensively destroyed and many of the young German heroes of 1936 had died on the battlefields of Europe. But at a spot which today is neither East nor West Germany, the stadium erected by Hitler's purpose survives, a symbol of how sport can survive obscurities committed in its name.

### X The Long View

## When competition can be dangerous

WHEN YOU fill up your petrol tank or buy coffee, tea, a loaf of bread or a pint of milk, are you much aware of the collapse of energy and commodity prices? If you are, you are a great deal more sensitive to price shading than most people. If, on the other hand, you are in the market for a car, a small computer, or even a dozen eggs or a joint of lamb, you must surely know there is a trap. They are cheap. And thereby, as you may imagine, hangs a tale. To give it a snappy title, it is the tale of the profits trap.

You will not find this trap in the economics textbooks. Keynes discovered what he called the liquidity trap—the danger that people and businesses will hang on to money when its buying power is rising, rather than spend it. (The Ford Motor Company, which is good at economics, understands this danger and each year tries to stimulate sales by warning that its prices are about to go up, not down.)

What seems to be happening in some markets at the moment, though, is different. Prices in many important markets are not falling, or not falling nearly as fast as costs. The rise in real spending power which was supposed to be creating a boom this year is much weaker than expected. On the other hand, profit trends are stronger than you would expect in a flat economy.

**Anthony Harris explains that while cartels continue to operate, this has less to do with conspiracy at high levels than the fact that companies are being caught in the profits trap.**



striking. The enormous fall in all import costs, which has resulted from weak markets and a very strong currency, has not come through to the consumer at all, so that demand in the economy remains very weak. Somebody is protecting their margins.

This sounds like a conspiracy against the public—the sort of thing Adam Smith warned us would happen whenever businessmen met, even for an innocent round of golf. In fact, though, two Oxford economists, Hall and Hitch, demonstrated some 50 years ago that this would be likely to happen without any conspiracy at all in any industry dominated by comparatively few suppliers.

However, we are concerned with a bird's-eye (or satellite's-eye) rather than a worm's-eye view, so you will get only a general tip here: oligopolists do not generally make abnormal profits, since they compete in everything but price—notably in expensive promotion. They make windfall profits when costs fall sharply, because their prices are sticky; but when costs are stable they usually enjoy thin but stable profit margins.

In stable or deflationary conditions, prices will tend to get stuck; you cannot gain market share by cutting prices because all your competitors will cut, too; and you cannot improve margins by raising prices because none of your competitors will follow. This is oligopoly, or cartel without conspiracy. This form of behaviour, which can be seen over quite large stretches of most modern economies—although it is less common in the US, where anti-trust laws do bite—has largely been forgotten in the era of inflation. When costs are rising, oligopolists behave much like competitors. Perhaps that is why nobody thought of the profits trap when forecasting the result of falling costs on the world economy—not even this column, which has no need to eat its words on the general outlook.

All the same, it does help to explain both the disappointment over activity and employment, and the buoyancy of profits and markets. A bit of serious research on modern market structure might yield some valuable share tips.

You might conclude that this analysis is hulloish about the short-term profits outlook, cautionary for the medium term, and downright bearish about economic growth; but it is not as simple as that. Red-blooded

competition in a slack market is not only painful, it can be dangerous.

This aspect is vividly illustrated in the current issue of *Business Week International*. The US economy is still growing, more or less, and has certainly done better in the past year than the British or French economies. Consumers there have benefited from falling prices (especially at the petrol pump); but the shortage of windfall profits has also produced an alarming picture of overhanging private debt, bankruptcies and bank failures which has left the monetary authorities there in a terrible dilemma. If interest rates stay up, the debt structure might collapse; if they are pushed down with any vigour, the dollar might collapse. The Fed might welcome stronger profits and slower growth.

It is no accident, then, that most of the horror stories now circulating about the dangers of deflation come from Wall Street—which until recently was celebrating the joys of disinflation. The US economy is clearly now the biggest centre of risk for the developed world and there is a barely suppressed hysteria in the growing American call for help from stronger economies. Failing such help, they might have to resort to protectionism to reduce the trade haemorrhage, or inflation to devalue debt, or both.

For other countries, though, the prospects look less risky although rather drab—for the time being, at any rate. Cautious public finance combined with cartelisation are not exactly a new response to deflationary conditions; they were the official watchwords of the 1930s. We seem to have got there more smoothly this time

## Excellent 5 Year Performance

### New Tokyo Investment Trust plc

Edinburgh Fund Managers plc the independent investment managers to the £86.8m New Tokyo Investment Trust are pleased to announce the unaudited results for the 6 months to 30.6.86.

New Tokyo Investment Trust ranked second in terms of asset performance over five years of all investment trusts monitored by the Association of Investment Trust Companies.

NET ASSET VALUE per share up	6 months to	year to
	30.6.86	30.6.86
	37.3%	62.7%

The net asset value for the six months rose by 37.3% to 327.0p per share (238.1p). This is reflected in a net asset value up 62.7% over the year.

The primary objective of New Tokyo Investment Trust is capital appreciation and no interim dividend is declared. The Fund concentrates on investment in small to medium sized companies and the excellent performance is a reflection of the managers timely move into the domestic sector.

Portfolio distribution is as follows:

	30.6.86	31.12.85
Japanese equities	98.2	99.7
Yen	1.8	0.3
	100.0	100.0

Managed by  
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The independent investment managers of two out of the top three performing investment trusts over 5 years in terms of NAV performance to 30 June 1986.

For further information please contact  
W.S. Johnstone, Marketing Director.

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MARKETS

Bank sector may be overdue for re-rating

SHARE PRICES are still oscillating on the slightest scrap of news or rumour but through it all the All-Share Index seems to be clinging successfully to the 770 level. Some had feared that once that level had been breached there was little to stop it skidding down towards 750, but the past few days, at least, have proved the market to be made of sterner stuff.

Stability, however, is not a word to be applied to equities yet. Given the current mood of the market prices could continue to churn although it is worth remembering that August has been a good month for share prices in recent years. Perhaps it is because the politicians are of sunning themselves that prices tend to rally. Certainly a little less to worry about on the political front would be no bad thing this summer. And an August rise could be just the thing to get the market heading towards a new high before the year is out.

A cut in interest rates would obviously be a help. Among those rooting for a bull run will be a few thousand new recruits to the share ownership fraternity in Barrow-in-Furness and Birkenhead following the flotation of VSEL, the Vickers and Cammell Laird warship builder which was privatised with an employee buy-out last March. Ahead of first day dealings on Thursday most analysts had been looking for a premium of 40p or so over the 100p issue price. In fact the price shot to 160p before settling back a few pence.

The market had expected a lot of the buy-out investors to cash in their chips at the first opportunity but actual selling was remarkably light and mainly coming from the institutions. The workers and families who control 27 per cent of VSEL must be tempted to sell at these prices but once the trickle of stock from there has been digested the price should start to pull away. On a p/e of 5½ the group stands on about half the sector average, it could go a point or even 1½ points higher.

Elsewhere in the market the half-time results of two more clearing banks, National Westminster and Midland, dominated the company news of the week. Lloyds reported at the tail end of last week and Barclays is due out on Thursday. By far the most impressive set of figures so far came from Nat-West with a 34 per cent rise in pre-tax to £482m against the comparable period. Although, having forecast its dividend payout with the rights issue earlier in the year, the market was not exactly excited by the numbers.

Midland on the other hand managed to unveil another dis-

appointing set of figures. A 29 per cent rise to £195m pre-tax was not good enough for the market even though a 1p rise in the dividend to 11½p was a welcome relief after the years of unchanged payouts.

Assuming Barclays comes up with around £475m next week the list of forecasts for the full year runs something like this: Barclays, £870m, Lloyds £700m, Midland £435m and NatWest £425m. The market for the first time. But, of course, the market has tended to ignore earnings multiples for the banks,

London

preferring to stick with yield-based valuations. Nevertheless, without any obvious changes in the basis of taxation or accounting practices to come perhaps the time is right to start looking at p/e's. As a sector banks are sitting on a prospective multiple of around 5½ falling to, say, 4½ for next year. If fund managers can be swung round to looking at earnings, the sector must surely be overdue for a re-rating.

The market ran an eye over Dee's full year figures to end April with little more than academic interest. Following the Fine Fare purchase at the beginning of June for £680m the number crunching has concentrated on the current year. Yet there was at least one point from this week's preliminary statement worth bearing in mind. Evidently it has been longer to integrate the International Stores chain than many in the City expected. So presumably the forecasts for this year should not get too heady when adding in Fine Fare.

Even so something around £305m pre-tax, excluding property profits, against the £83m

issued. There is still another 137p a share to pay on the 147.5m shares issued against Fine Fare and Associated British Foods with a 15.4 per cent stake, is unlikely to be a long term investor. At some point the shares will be a "buy" — but not yet.

There is nothing to beat being in the right place at the right time and that is exactly where Reuters stands. This week the group reported a 32 per cent rise in pre-tax profits to £57.2m allaying the nagging doubts that had crept into the market following the share disposal by the Mirror Group an event prompting an apology from Robert Maxwell.

The group is raking in new business ahead of "Big Bang" and the increasing internationalisation of the securities business and the number of installations terminals has risen by almost 58 per cent to 85,799 over the last year. Following the interim figures, forecasts for the current year are being shaded up to between £125m to £130m for a prospective p/e of about 25. The enthusiasm for the stock is understandable although rating of twice the market average is about as far as even the most bullish of investors can expect it to go. It would be unreasonable to suggest Reuters' stock can continue to outperform in the short term, but there is little doubt that most analysts are coming out with their classic "buy on any weakness" recommendations.

There was little new on the bids and deals front this week apart from an £80m shares and cash bid by Coalite for the Hargreaves Group. The target has rejected the offer and said that it has had other approaches. Coalite's timing looks sound enough because given the uncertainty in the fuel market most forecasters were suggesting a modest amount of profits growth from Hargreaves for the current year. Something around £9.8m against £9m seemed about right.

Hargreaves, however, is not a sitting duck. It has strong management and it could mount a stout defence. Assuming a "kitchen sink" profits forecast, it could probably muster a prediction of £10.1m pre-tax this year, for earnings per share of about 18p. Coalite will have to come up with something better than the current price — one of its shares plus 600p in cash for every four Hargreaves—which suggests an exit multiple of around 12.

Who exactly the other potential bidders are is a matter for educated guessing at this point, but four names spring to mind: Ocean Transport, Powell Duffryn, AAH and Redland.

Shell and an increased dividend for Shell T&T should protect the share price. The City expects yet another dull, but worthy performance from the BOC GROUP when it announces its third-quarter results on Thursday. BOC produced profits of £50.2m in the first half of the year and is expected to muster around £50m for the third quarter. Who exactly the health care is faring well, gases have suffered, particularly in the US where

countered the decline of the US dollar by buying forward, but might have suffered to some extent from its vulnerability to the weakness of the Australian dollar and South African rand.

The City is expecting GKN to produce interims of £90m pre-tax on Tuesday and a boost in the interim dividend which might take the gross yield over the 5 per cent mark. In 1988, the interim pre-tax profits were £70.5m pre-tax and the dividend was 4.5p.

Automotive components, which produces around two-thirds of trading profits, looks likely to have had a reasonably good half in spite of the downturn in US vehicle production. However, the increased demand for constant velocity joints for front wheel drive (and four wheel, for that matter) and independent rear suspension in the US is helping GKN to ride this out.

In Spain, GKN has increased its shareholding in two component manufacturers and is developing a strong position in an increasingly important market.

one-sixth of trading profits, is now totally automotive. Part-centred, GKN Steelstock, the only non-automotive element left in this division, was sold in June to a group of private investors. In its last half as a member of the group, Steelstock had flat profits.

Distribution generally is having a tougher time, due to increased competition in the US, where most of its profits are usually made, possible losses in France, and some launch costs to Australia and Japan.

Industrial services is still being reshaped, with the purchase of British Vending boosting this side of operations just as the traditional fastener businesses are disposed of.

Over the past year, STC has embarked on a programme of recovery in the market's estimation although the shares are still some way short of March 1988's rights issue price of 190p. While caution is still the medium term watchword, the City is expecting £50m pre-tax (against £27.4m) for the six months to June to be reported on Monday.

The group's re-rating has much to do with improvements in its three main divisions plus declining interest payments as the debt level is cut back from the December 31 level of £200m. A pension holiday is expected to contribute to a 26m reduction in costs over the year.

In telecommunications, the forecast fall in orders for the TXEAA system (sales of

which constituted over half the division's turnover in 1988) is expected to have taken place. An £85m enhancement order should maintain sales levels, at least to the year end.

At ICL, the new-found determination to defend market share looks to be paying dividends—something which STC itself might be doing if the margin gains on more or less steady sales levels come through as expected.

The interim figures for TI GROUP, due on Wednesday, are expected to show pre-tax profits of £19m, up from £12.6m at the same stage last year. A drop in the tax charge will allow TI to show substantial growth in earnings per share.

The second half is traditionally the strongest for TI as parents buy bicycles for Christmas and beaters for the living room. The growth in the first half will reflect the continuing success of TI's long-term strategy to cut back its involvement in primary and semi-conductor products and to increase its interest in the domestic appliances market.

Raleigh Cycles has been restructured and the changes should eliminate some losses from the first-half figures.

Among the other companies with results due next week are UNITECH, with preliminary figures on Tuesday, and STICK AND NEPREW and SMOCKLEY with interims on Wednesday.

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MARKET HIGHLIGHTS OF THE WEEK

Table with columns: FT Ordinary Index, Amstrad, Authority Invs, Barclays, British Aerospace, Ferranti, Gold Mines Kalgoolie, Hargreaves, Jmy Property, Klearfold, Lamont Holdings, Lincroft Kilgour, Lounbo, Mackay (High), Matthews (B.), Plan Invest, Reckitt and Colman, Standard Chartered, Viewplan, Wiggins Group. Includes price change, 1988 high, 1988 low, and brief descriptions.

Marina misses the boat

THE USM new issues season ended this week with more of a bang than a whimper. One highly-publicised offer for sale was a dismal flop while another which had attracted little attention was oversubscribed; a start-up venture was husily placing its shares on the market as two longer-established ventures had their suspensions; and an unassuming business with an unassuming name so impressed the accountant handling its placing that he quit his firm to join the company's board.

The week's two offers for sale illustrate just how unpredictable the new issues market can be. Schroders and Cazenove coverage which ranged from the broadly favourable to the wildly enthusiastic, yet attracted applications for only 51 per cent of its shares—and most of those went to institutions which had promised to apply for them, anyway. Meanwhile, F & H Group, the supplier of industrial control systems which had won

enthusiasm for its offer, saw it marginally oversubscribed. While Marina's advisers — Guidehouse and Kitcat & Aitken — could point to the problems of managing a successful flotation in a jittery market, their arguments seemed to hold little water when F & H could get away successfully on the same day. With hindsight, it seems likely that Marina had relied too heavily on a deluge of applications from wealthy boat owners who, when it came to the push, kept their cheque books in their pockets.

F & H, on the other hand, looked down on a prospective price/earnings multiple of under nine and there is little

doubt that its sponsor, Smith New Court Agency, used its influence in the City to ensure that its first new issue would succeed.

Omnitech, the start-up venture in the kind of package in machine, must have been cursing its luck in choosing to float in a week when Minemos staggered into a financial reconstruction and Metal Sciences called in the receiver. The two announcements were a vivid reminder of the hazards of start-up venture investment and are likely to encourage a premium for Omnitech when dealings begin on Monday.

Coline International might not sound the most exciting business on earth: most of its sales come from supplying oscilloscope probes and the bits and pieces that go into electrical plugs and sockets. It is nevertheless expanding into the world of electronic test equipment at home and overseas, and its ambitious plans are

alone would have taken that pre-tax figure to £650,000.

Three years ago, Parkfield was a loss-making foundry group suffering from the effects of the recession. Then, chairman Roger Felber stepped in and took vigorous remedial action, restoring the original operations to profit and making the first of 10 acquisitions which have followed his arrival.

Last year, Parkfield had the fastest-growing share price on the FTSE and it is now a mini-conglomerate.

The criticism that is always made of such mini-conglomerates is that their rapid growth is fed more by their ability to use highly-rated paper to buy other companies' earnings per share than their skills in achieving fundamental improvements in profitability. According to Felber, Parkfield is different. He says he is not interested in making hotly-contested bids for other quoted companies with high profits; instead, he prefers the gradualist approach, picking up unquoted companies or other groups' cast-offs which may not be having much profit now but have scope for substantial organic growth.

The criteria for these acquisitions are that they need to fit into Parkfield's engineering or distribution division and must be reasonably cheap. They are usually bought with management intact: "A lot of these companies are very well managed but lack entrepreneurial flair, and that is something we can apply," Felber says.

The problem with Parkfield's strategy is that as the group gets bigger, the effects of these acquisitions on profits will get proportionally smaller. Felber argues that organic growth will keep the momentum up, and the market appears to accept his assurance; only an imminent transfer to a full listing seem likely to keep them off the list of USM highest fliers of 1988.

Richard Tomkins

backed by a management team of unusual breadth and experience for the USM.

Tim Brookes, a 37-year-old partner at accountant Peat Marwick Mitchell, had handled at least eight other USM flotations before this one so he presumably knew what he was doing when he resigned to join Coline as deputy chief executive and finance director. This impressive vote of confidence, together with the pulling power of Schroders and Cazenove, Coline's advisers, could provoke an entertaining scramble for the company's shares on Monday morning.

New issues aside, one of the highlights of the week was Parkfield's announcement of its annual results. Profits shot up from £51,000 to £1.5m; and although this was partly due to five acquisitions made during the year, the core activities

one-sixth of trading profits, is now totally automotive. Part-centred, GKN Steelstock, the only non-automotive element left in this division, was sold in June to a group of private investors. In its last half as a member of the group, Steelstock had flat profits.

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The group's re-rating has much to do with improvements in its three main divisions plus declining interest payments as the debt level is cut back from the December 31 level of £200m. A pension holiday is expected to contribute to a 26m reduction in costs over the year.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid, Bidder. Lists various companies and their financial details.

\* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. \*\* Based on 2.30 pm prices 1/3/88. †† At suspension. †‡ Shares and cash. †‡‡ Relates to NY to be determined. †‡‡‡ Loan stock. †‡‡‡‡ Suspended. †‡‡‡‡‡ Swedish kronor. †‡‡‡‡‡‡ Tender offer for 25.1 per cent of capital.

PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit (£000), Earnings\* p/s, Dividends\* p/s. Lists companies like AIM, Walt Alexander, A & H Group, Asprey, Black Arrow, Peter Black, CAP, Dee-Corp, Gibbon Lyons, Gibb Hew, Gold Greeness, Havelock Europa, Hilliards, Mearthys Pharm, Marler, Marling Ind, May & Hassell, Mercantile House, Merrywood, M.L. Higgs, M.S. Intl, Minidone, N.M.C., Norion Opax, Parkfield, P.H. Freedy, Radiant Metal, Wm Ranson, Rexmore, Wm. Sommerville, David S. Smith, Stewart Ziggans, Alza Thelby, F.H. Tomkins, Unigrip, Watsbams, Zettlers Group.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends per share (p). Lists companies like Aaronson Bros, AMS, Bristol Oil, Burmatex, D.J. Sec, Greggs, John J. Jacobs, Jcebsons Drilling, Magna Jordan, Lex Service, Lloyds Bank, Midland Bank, Mount Charlton, Nat Westminster, Ocean T&T, P.H. Const, Reuter, Sycamore Hldgs, Wace Group.

(Figures in parentheses are for corresponding period) \* Dividends are shown net pence per share except where otherwise stated. † Figures for 28 weeks. ‡ Figures for 24 weeks. § Figures for 53 weeks. L. Loss.

OFFERS FOR SALE PLACINGS AND RIGHTS ISSUES

Coltco International—USM placing at 2.5m shares at 110p each. F. & H. Group—USM placing at 3.6m shares at 134p each.

RIGHTS ISSUES

Forward Tech.—To raise £2.4m through a four for nine rights issue at 94p a share. Sntelife Speakman—To raise £1.6m through a rights issue at 25p. Television South—To raise £19.3m through a one-for-three rights issue at 12p.

The Princess Alice Hospice advertisement featuring a photograph of the hospice building and text describing its mission to care for terminally ill patients and accept donations.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table with columns: Quoted rate, Compounded return for taxpayers at 29%, 45%, 60%, Frequency of payment, Tax (see notes), Amount invested, Withdrawals (days). Lists various financial products like CLEARING BANK, BUILDING SOCIETY, NATIONAL SAVINGS, MONEY MARKET ACCOUNTS, and BRITISH GOVERNMENT STOCKS.

\* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1. Paid after deduction of composite rate tax, credited as net basic rate tax. 2. Paid gross. 3. Tax free. 4. Dividends paid after deduction of basic rate tax.